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The Engine For Asia's Recovery **Sputters**

Japan Nears Recession; Analysts Say Fall in Yen Could Make Crisis Worse

By Sandra Sugawara
Washington Post Service

TOKYO - Any hope that Japan could be the engine of growth to revive other struggling Asian economies has largely been abandoned, giving way to the fear that Japan's economy could spiral downward so quickly that it could plunge Asia into another economie tailspin, according to many economists.

Japan's ecocomy swerved closer toward recession by contracting 0.2 per-cent in the October-December quarter, largely because of a sharp decline in personal consumption, the government reported Friday.

reported Friday.

Combined with an expected gain of only 0.2 percent in the Jannary-March period, the ecocomy will very likely turn in its worst performance in almost a quarter-century to the year ending March 31, economists said. The figures led even Tokyo to admit that its minimal growth target of 0.1 percent for the year might be too optimistic might be too optimistic.

The economy was brought down hy a series of tax increases and bankruptcies that prompted consumers to save more and spend less. And with exports to Asia slumping, companies are cutting capital spending, leading to declines in output, obs and wages. Few companies anticipate a rapid turnaround.

Economists worry that Japan is about to get caught up to a vicious cycle where lower demand for products causes prices to fall, which causes profits to be squeezed, hurting wages and jobs, which in turn causes even lower demand.

They warn that Japan, the world's second-largest economy, is about to eoter the worst deflationary period in decades unless the Japanese govern-ment takes urgent actions, which it so far has refused to do.

Other recently released figures in-dicate that the problem is likely to get

 Wholesale prices fell 1.0 percent to February compared with a year earlier.

• Corporate profits fell 9 percent in the last three months of 1997, compared to the same period in 1996, the first such theop since 1994.

Numerous companies recently lowered their profit projections for the fiscal year ending March 31. Sega Enterprises Ltd. said Friday it would post a loss for the first time since it was pub-licly listed 10 years ago. (Page 13)

 Household savings surged by 10.5 percent last year, indicating a reluctance to spend that inevitably will hit prices.

• Per capita cash income fell 1.1 percent in January compared with a year

. "Deflation is downward momentum in prices, profit and wages," said Russell Jones, a Tokyo-based economist with Lehman Brothers. "This is de-

See JAPAN, Page 5



The South Korean novelist Hwang Seouk Young, 56, celebrating his release Friday after seven years in jail.

New Cancer Cases on Decline in U.S. Reversal, First Since 1930s, Coincides With a Drop in Deaths

By Sheryl Gay Stolberg New York Times Service

WASHINGTON - For the first time since the 1930s, the number of new cancer cases in the United States is declining, federal officials said to anoouncing a sharp reversal in the in-cidence of diseases that kill more than 500 Americans each day.

Deaths from cancer are also dropping, continuing a trend that was first reported in November 1996. Together, the two developments offer experts oew hope that 27 years after President Richard Nixon declared "war on cancer," the nation may have reached a turning point.

"The hurdeo of fear the public has been feeling should begin to lift," said Dr. James Marks of the Centers for Disease Control and Prevention as he made public a national report card on cancer at a news conference here, "Cancer is conuerable and progress is being made."

Experts attribute the decline to oew cases to changes in behavior, most notably a drop in smoking, and the decline in deaths to tocreased screening and better therapies. But the positive trends are oot benefiting all Americans; minorities and women remain particularly at risk. [The study did oot look at conotries to

Europe or Asia. But according to the International Ageocy for Research oo Cancer, based to Lyon, estimates of

cancer incidence show that the number of people afflicted in France, Germany and Italy declined from 1985 to 1990.

[These estimates, hased oo computer models and oot national statistics, showed increases in the incidence of cancer in Japan, Canada and Britain for the same period. Nationwide statistics oo the iocidence of cancer are gathered only in the United States, Canada and the Nordic countries, an ageocy official

From 1990 to 1995, the U.S. study found, cancer rates for American men and women of every race dropped, with one ootable exceptioo: black men. They

See CANCER, Page 5

THE LATEST NEWS FROM OUTER SPACE

Is the Sky Falling? **Scientists Get Testy**

Although astronomers now seem to agree that a mile-wide asteroid will miss the Earth when it sails into our vicinity in 2028 - and mankind will oot be going the way of the dinosaurs - scientists are oooetheless quite

cross with one another. Brian Marsden, one of the leading U.S. experts on asteroids, oow says that asteroid 1997 XF11 will oot pass as close as the 30,000 miles he earlier predicted, bot that the probability of its hitting the Earth "is oot zero."

But other scientists derided that view, saying the likelihood "is effectively zero."

Galaxy Sighted On Rim of Universe

Astronomers using the largest optical and infrared telescopes in the world, atop a dormant volcano in Hawaii, have detected the most distant known object to all creation, a young galaxy that existed when the universe was only 6 percent of its present age.

The discovery stretched the reach of

human perception 90 million light-years farther than before, to the period less than a hillion years after time and space began in the Big Bang, scientists said. It offered encouragement that an emerging generation telescopes would be able to unveil the primeval galaxies of that epoch.

U.S. Plans a Show Starring the Earth

a U.S. plan on Friday to make a live video image of the full, sunlit Earth spinning on its axis against the blackoess of space — continuously avail-able to the world, via television and the

The "all-Earth, all-the-time" images would be transmitted from a spacecraft stationed between Earth and the sun, and would resemble the historic portrait of the fragile and isolated hine planet snapped hy the Apollo 17 astronaots — the last meo on the moon — on Dec. 7, 1972, a picture that has become an icon.

But you won't have to go far. Turn to Page 3.

South Korea Grants Sweeping Amnesty

Kim's Decree Benefits Millions; Some Dissidents Are Left Out

By Don Kirk
International Herald Tribuna

SEOUL - President Kim Dae Jung granted amnesty to more than 5.5 million of his countrymen on Friday — for everything from traffic tickets to spying and freed 2,304 people from jail, including some of the natioo's bestknown political prisocers.

A novelist, a Buddhist monk, labor organizers, North Korean sympathizers and former spies joined petry thieves and piekpockets in leaving jails in the mass act of forgiveness ordered by Mr. Kim to celebrate his inauguration Feb. 25 and encourage "reconciliation" during a time of worsening economic troubles.

The amnesty covered 74 political prisoners and 11 labor activists but omitted 70-year-old Won Yong Gak, captured 40 years ago to a North Korean com-mando raid in South Korean waters. The failure to free Mr. Woo and more

than 400 others classified as "prisoners of conscience" outraged the human-rights group Minkahyup, which had dis-patched mothers and wives to the gates of prisons throughout the country.

of prisons throughout the country.

But the government said it had released all political prisoners over the age of 70—a total of six people—even if they had not changed their views.

The argument that those who still advocate communism should remain to prison was likely to appeal to many South Koreans who see on prospect of

South Koreans who see oo prospect of reconciliation with North Korea and fear that Communist sympathies will play into the hands of the North.

A total of 5,527,827 people benefited from the amnesty io which records of millions of traffic tickets and petty crimes were simply expunged. Among those included to the amnesty were 31,581 who remained to jail but had their seotences reduced and 166,334 government workers whose minor infractions of rules were wiped from the records.

Scenes of laughter and tears were broadcast oo Korea's national televisioo oetworks as relatives and friends rushed to greet their loved ones. Half a dozeo North Korean sympathizers in their 70s walked haltingly into a world that they had oot seen for more than two de-

"Freedom at last," proclaimed a banner greeting the oovelist Hwang Seouk Young, who spent seven years in prison for visiting North Korea four times from 1989 through 1991 and receiving mooey from the North. Grinning friends hoisted the 55-year-

old oovelist, clad in a light gray suit, white shirt and oecktie, as he emerged from the gate of the prisoo in Kongjo, 175 kilometers (110 miles) south of Seoul

Mr. Kim, who speot six years in jail as a political prisoner and is the only opposicion leader ever to be elected president of Korea, wanted "to stress the importance of the peaceful switch of power between the ruling and opposition parties and enable the entire na-tion to feel this important historical event," said a spokesman.

Justice Minister Park Sang Cheon

said the amnesty showed President Kim's desire "to leap forward as a nadon and overcome economic hardship and achieve democratic prosper-

Mr. Park cited the need to protect national security as the reason for not releasing more political prisoners.

"Pardoning those who have oot re-ented is oot proper," he said. Mr. Woo, held in jall for so long for refusing to renounce communism, told a reporter who saw him briefly in his cell that he still hoped to get out hy his next

'I can't believe he wasn't released,'.' said Kim Soo Jin, a Minkahyup official helpiog to organize van loads of women visiting prisoners. He added that the criterion for freeing long-term political

See KOREA, Page 5

U.S. Confronts China Anew On a Nuclear Sale to Iran

By Barton Gellman and John Pomfret Washington Post Service

WASHINGTON — Weeks after winning a Chinese pledge to halt assistance to Iran's ouclear programs, the Clintoo administratioo thiscovered and protested secret negotiations between the two governments for hundreds of toos of material used in enriching uranium to weapons grade, according to officials with access to U.S. totelligence.

A series of top-level cootacts between the American and Chinese govemmeots last month appears to have put officials said they were oow confident that China Nuclear Energy Industry Corp. in Beijing would oot deliver the chemical at issue, anhydrous hydrogeo fluoride, to the Isfahan Nuclear Research Center in central Iran, a principal site of Iranian efforts to make the explosive core of an atomic device.

But the proposed sale cast doubt on China's intentions as it moves gingerly toward arms control restraints that it resisted for decades. Those new restraints, along with written pledges made at last October's meeting between President Bill Clinton and President Jiang Zemin, allowed the Clintoo administration to resuscitate a dormant 1985 agreement that could enable American companies to sell hundreds of millions of dollars of nuclear reactors to China.

See CHINA, Page 5

Suharto's New Cabinet: No Dream Team to IMF

By Seth Mydans
New York Times Service

and or of the second

JAKARTA — The shape of Indone-sia's new cabinet is likely to set back hopes for vigorous implementation of reforms demanded by international lenders, as loyalty to President Suharto appears to predominate over fealty to

nainstream economics. The names of the leading candidates, printed in newspapers here Friday, tocluded longtime supporters and friends and suggested that the new finance minister would be less friendly to the Intemational Monetary Fund than the man

he was to replace.

The naming of the cabinet was the first test of Mr. Suharto's intentions as he enters new discussions with the Fund over the austerity measures it is de-manding in return for continued dis-bursement of its \$40 billion rescue

It coincided with the arrival here this weekend of a team of IMF officials, of

	Newsate	and Pric	98	
Andona	10.00 FF	Lebano	n	L 3.000
Antibes	12.50 FE	Morros	n	.16 Dh
Cameroor	1.4600 CF/	Oatar	10.	00 QF
COVP!	PE 5.50	Réunior	112	50 FF
France	10 00 12	Sauri A	rahla	.10 SR
Gebon	1.100 CF/	Senega	1.10	O CFA
Tary	2,800 Line	Spain	22	5 Plas
NOTY COR	2,800 Life	Tunkia.	1.2	50 Din
K	1_250 JE	U.A.E.		ווען טען
LANGE	700 Fit	U.S. M	. (Eur.)	.\$1.20

Prime Minister Ryutaro Hashimoto of Japan and of the latest in a stream of American emissaries, David Lipton, a senior U.S. Treasury Department official. All are expected to urge Mr. Suharto to proceed with the economic liberalization to which he agreed in January. Mr. Suharto, 76, was inaugurated

Wednesday for a seventh five-year term amid assertions of nationalist solidarity in the face of what Indonesian officials oow characterize as interference hy the IMF and foreign governments. The official stance was expressed by the military commander-in-chief, General Wiranto, who said Thursday: "Reforms — political, legal and economic — should be constitutional, gradual and not done in a radical way."

not done in a radical way." A leading Indonesian economist, Rizal Ramli, has characterized the Fund as "an amputating doctor, not a healing

doctor," whose medicine is sometimes so strong that it can kill the patient. Mr. Suharto has made it clear that he hopes to continue to receive IMF funding hut that urgent additional steps must be taken to strengtheo the value of the Indonesian currency, the rupiah, which has sunk to less than 30 percent of its

value six months ago.
"We're oot asking for much," the president told supporters Thursday.
"We just want to have a stable rupiah so that people's living standards do oot fall

In what one foreign banker described as an attempt to have his cake and eat it, Mr. Suharto appears to hope to persuade the IMF to let him raise the value of the currency by artificially pegging it to the

See INDONESIA, Page 13



PROTEST IN KOSOVO - Part of a huge crowd of ethnic Albanians demonstrating Friday in Pristina for an independent state. Page 2.

AGENDA

Yeltsin Ill With Respiratory Problem

home outside of Moscow, the state-

President Boris Yeltsin has an acute respiratory problem and laryngitis, Kremlin officials said Friday.

He canceled his appointments and doctors were treating him with anobiotics. He was resting at his country with what his doctors described as a virus infection. Some reports said he had suffered minor strokes. Page 2.

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The IHT on-line	www.iht.com

	The Dollar	
New York	Friday @ 4 P.M.	previous close
tıM	1.8178	1.8281
Pound	1.6715	1.6578
Yen	128.13	129.235
FF	6.0965	6.128
10000	The Dow	
4	Friday close	previous close
-57.04	8602.52	8659.56
	S&P 500	
change	Friday @ 4 P.M.	previous close
-1.31	· 1068.61	1069.92

Jones's Lawyers Throw Their Big Guns at Clinton

LITTLE ROCK, Arkansas - Lawyers for Paula Jones released papers Friday accusing President Bill Clinton and his aides of engaging in a "vast enterprise to suppress evidence" and arguing that her sexual har-assment suit against the president should go to trial. In a 100-page brief and 600 pages of accompanying

documentation, including portions of depositions that other women have given in the case, Mrs. Jones's lawyers told a U.S. District Court judge, Susan Webber Wright, that the motion by Mr. Clinton's lawyers to have the case dismissed "should be denied."

The brief for Mrs. Jones says: "The record before the court provides good reason to believe that Mr. Clintoo and those acting on his behalf have engaged to

a vast enterprise to suppress evidence in this case and otherwise corrupt these proceedings."

The case is scheduled for trial here May 27.

Mrs. Jones's lawyers outlined in their motion evidence of what they said was a pattern hy Mr. Clinton of making sexual advances toward women and sub-sequently trying to persuade them to deny it.

In the case of Kathleen Willey, who once worked at the White House, "Mr. Clinton took the opportunity to sexually assault her just outside the Oval Office, apparently fulfilling a longstanding desire of his," it said. He has denied that in a deposition. The incident is alleged to have happened in November 1993.

The president has also publicly denied Mrs. Jones's claim that he asked her for oral sex in 1991 and was

responsible for denying her proper raises and advancement as a result. At the time, Mr. Clinton was governor of Arkansas and Mrs. Jones a state elerk. The White House spokesman, Michael McCurry, asked before the papers' release about whether the president was dreading them, said, "He's a human being and he has human reaction when he reads stuff like that, sure."

Of the former White House intern Monica Lewinsky, the papers said, Mr. Clintoo "misstated the nature and exteot of his contacts with her, and misstated the extent of his communications with Vernon

Jordan about Ms. Lewinsky.' President Clinton's new strategy: Attack the

Republicans for everything. Page 3.

By Chris Hedges New York Times Service

PRISTINA, Yugoslavia — Ibrahim Rugova, the president of the self-declared Republic of Kosovo, who comes close to being revered among the ethnic Albanian majority here, sat behind his desk in his small office and talked of literature. Across town, a Serbian government delegation waited, professing a desire to negotiate a solution to the violence here.

But to Mr. Rugova there was little reason to talk with the Serbs, or even discuss their actions, especially because they had never bothered to send him an invitation. To this disheveled former academic, Shakespeare is more interesting.

"An Albanian who reads Hamlet understands his philosophical and moral dilemma," said Mr. Rugova, who studied in Paris and has a doctorate in literature. "Hamlet's commitment to justice, and his understanding of its tragic dimensions, speaks to Albanians here, especially young Albanians. Shakespeare could almost be a domestic

There is perhaps no leader in the former Yugoslavia who is so outwardly free of rancor and harred as Mr. Rugova,

By Daniel Williams

MOSCOW — President Boris

Yeltsin is sick again, this time with an

acute respiratory problem and laryngit-is, Kremlin officials said Friday. The illness followed by three days Mr. Yeltsin's criticism of the press for

speculating about his health. In Decem-

ber, he was bedridden for two weeks from what his doctors described as a

virus infection. Some news reports said

BRIEFLY

UN Judge Reverses

Serb Suspect's Plea

THE HAGUE - A judge at the

United Nations war crimes tribunal on Friday reversed a guilty plea of rape by a Bosnian Serb because the

suspect was not fully aware of the

"The trial chamber must enter a not-guilty plea," Judge Antonio Cassese told Dragoljub Kunarac, a

former paramilitary commander.

Judge Cassese's decision fol-

lowed questioning in which Mr.

Kunarac said he committed some

illegal acis but was not responsible

for widespread rape as an act of

Italy Seeks to Oust

Mafia-Linked Aide

ROME -- The government de-cided Friday to seek to remove An-

gelo Giorgianni, a junior minister at the Interior Ministry, from office over suspicion of collusion with the

On Wednesday, Prime Minister Romano Prodi formally asked Mr.

Giorgianni 10 resign, a request the

Mr. Giorgianni, one of five un-

dersecretaries at the ministry, has

been under fire since his name ap-

peared in a report by a parliamentary

Fox-Hunting Bill

Shelved in Britain

LONDON - A last-discb effort

to secure a ban on fox-hunting

failed in Parliament on Friday, con-

signing the anti-bunting bill to the

back burner until after the next

The sponsor of the bill, Mike Foster of the Labour Party, added a

clause to try to protect bis efforts

from the time-wasting tacrics pro-

hunting members used to prevent a

Commons did not select Mr.

Foster's new clause for debate on

Havry's Bar ®

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But the speaker of the House of

vote a week ago.

Friday morning.

minister refused to accept.

(Reuters)

implications of his move.

he had suffered minor strokes.

Yeltsin Falls Ill Again:

'Respiratory Disorder'

who despite his stature bumbles around his tiny office with his black curls cascading over his ears and the cuffs of his white dress shirt unbuttoned.

He says he is passionately committed to nonviolence, condemning the kind of tit-for-tat atrocities that have plagued the Balkans for decades, although his father and grandfather were executed by the Communists in a 1945 uprising.

Arguing that linguistic brutality is poisonous, he refuses to use derogatory terms to describe the Serbs, who make up 10 percent of the population and rule the province like a colonial outpost.

"I am cautious," be said, his glasses sliding gently down his nose. "You build nothing positive by destroying others, by using language that inflames a crisis. The Belgrade regime, after all, is repressive toward its own people as well as the Albanians. Since 1989, when Slobodan Milo-

sevic, then president of Serbia and now of Yugoslavia, revoked autonomous status, Mr. Rugova, 53, who heads the Democratic League of Kosovo, has presided over a disciplined civic resistance. His shadow government, formed after underground elections in 1992, oversees its own school and health system and collects taxes.

Almost any attack of ill health sends

flurries of concern around Moscow be-cause of Mr. Yeltsin's 1996 heart attack,

which Kremlin aides tried to hide from

the public, and subsequent major heart

Mr. Yeltsin canceled his appointments Friday and, as usual, there were

conflicting reports about exactly what ailed him. The Kremlin put out a statement saying he came down with an

"acnte respiratory disorder" that brought on hoarseness. Doctors were

treating him with antibiotics and be was

resting at his country home ontside of

Chubais told a visiting German par-liamentary delegation that Mr. Yeltsin

had the flu. "There was nothing dra-matic in the way it was described," said

Rudolf Seiters, a member of Germany's

Mr. Yeltsin's chief of staff, Valentin

Russia's stock market declined

slightly on the news, but most politi-cians took the reports in stride. "Every-one can fall ill," said Geunadi Seleznyov, the speaker of Russia's Par-

Mr. Yeltsin prides himself on vigor, Mr. rensin prices miniser on vigor, and used to play tennis with associates, swim and ski, sometimes topping it all off with sweat marathons in the banya,

off with sweat marathons in the banya, Russia's super-hot bath house.

For the last 10 years, this self-sustained picture of robustness has been chipped by numerous ailments. Before his 1996 heart attack and surgery, he suffered problems of blood supply to the beart. In 1992, word of heart troubles leaked during a visit to Japan when he missed a scheduled meeting with the Japanese prime minister. Two years

Japanese prime minister. Two years earlier, be had required back surgery after a plane on which he traveled crash-landed in Spain. Heavy drinking also

Few Russians are convinced that Mr.

Yeltsin is as good as new, and there has

been much speculation about a possible successor. Most attention has centered

on Prime Minister Victor
Chernomyrdin, regarded as the status
quo candidate of major financiers and
executives of Russia's beavily concen-

Clinton Weighs Trip

WASHINGTON - President Bill

Clinton is holding out the possibility of making a trip to Belfast in May if there is progress in the Irish peace talks.

Mr. Clinton said Friday that making

such a trip would depend on the status of

the Irish peace process and whether the

prime ministers of Britain and Ireland

believed a visit could he helpful. Mr. Clinton said he hoped to meet the major

players in the peace process during their

very, very important and we have to do

everything we can to try to get the

parties together to move in a timely

fashion," he said.

Mr. Clinton is scheduled to be in

Britain in May for the annual summit of

the seven major industrialized nations.

"I think the next 60 to 90 days are

visits to Washington on March 17.

To Belfast in May

contributed to fragile health.

trated oil and gas industry.

Yumasbev, said the president "bas a

Deputy Prime Minister Anatoli

Moscow, the statement said,

Christian Democratic Party.

liament. "It's simply age."

ming, tennis or on the track.

Mr. Rugova's civility, bowever, is increasingly viewed as quaint and outdated, even as his stature as a leader and symbol of resistance remains unassailable. The recent crackdown by the Serbian police, which has left about 80 ethnic Albanians dead, has unleashed support for the Kosovo Liberation

The situation is very, very dangerous," he said. "These massacres have left people angry and deeply frustrated. There is a growing desire to revolt. These armed groups, or individuals who use violence, will only give the Serbs a pretext to carry out more massacres of innocents.

Army, a separatist guerrilla movement.

The Serbs were urged to open a dialogue with the leaders of Kosovo by the contact group of six nations that monitors the former republics of Yugoslavia. But when the Serbs came Thursday to this province, where the other 90 percent of its 2 million residents are ethnic Albanians, they were ignored. Mr. Rugova said he considered the visit did not deserve serious attention.

The Serbian regime would like to see all Albanians leave Kosovo," he said. "In any conflict the lucky ones would be driven over the borders as refugees. The fact that we have our own are still here as a nation struggling for our freedom, can be considered a significant achievement.

Mr. Rugova's chief political rival, Adem Demaci, 62, who spent 28 years as a political prisoner, dismisses him as 'a conjurer who tricks his andience into believing things have happened when they have not.

"He is the architect of all our political failures," said Mr. Demaci, seated in his tiny apartment. "I will not condemn the tactics of the Kosovo Liberation Army because the path of nonviolence has gotten us nowhere. People who live under this kind of repression have the right to resist. The Kosovo Liberation Army is fighting for our freedom.'

Mr. Demaci, who beads the secondlargest party in the province, has refused to run against Mr. Rugova in under ground elections scheduled for March 22, saying that it is no longer appropriate "to play political games.

Such talk worries Western diplomats, who see Mr. Rngova as increasingly isolated. Yet, they are also frustrated with his unwavering call for independence, arguing that Kosovo should be granted antonomous status by Belgrade, but should not be permitted to secede.

JERUSALEM — Israel has ended

Mordechai Vanunu's solitary con-

finement, allowing the spy to meet

other prisoners for the first time in 12

torney, also said there was a possibility that Mr. Vanunu would be released

next month, once he had served two-

Mr. Vanunu, who was convicted of

treason for providing information

Sunday Times of London, has been

nuclear reactor in Dimona handed

The former technician at Israel's

thirds of his 18-year sentence.

Avigdor Feldman, Mr. Vanunn's at-

years, his lawyer said.

Israeli Court Eases Spy's Jail Conditions

about Israel's nuclear program to The not stand up before the Supreme

clear weapons.

rael's nnclear program.



Ibrahim Rugova, leader of the Democratic League of Kosovo.

Rugova to give up the call for inde-pendence," said Mahmnt Bakalli, who spent a decade as president of the autonomous province under communism. is that the other political leaders have become militant. The Serbs will never

"It would be political suicide for

This is not a fair demand. The tragedy again deal with someone with Rugova's compassion and moderation.'

Based on that information, nuclear

Israeli security services have said

experts determined that Israel had the

world's sixth-largest arsenal of nti-

Mr. Vanunu, 43, must be kept seg-

regated from other prisoners so he

cannot pass on information about Is-

The attorney general and Justice Ministry officials decided to release

Mr. Vanunu from isolation because

they felt the security argument would

Court, Ha'aretz newspaper reported.

tional pressure for the policy shift, Hn-

Mr. Feldman also credited interna-

Thousands March In Kosovo, Calling For Independence

R. Jeffrey Smith Washington Post Service

PRISTINA, Yngoslavia - Ethnic Albanian students and labor union members demanded an independent republic of Kosovo during a huge demonstration here Friday, the third such protest since Serb police and paramil. itary units killed more than 60 Albanians last week.

The police took no action against the crowd, which was estimated at more than 50,000. This was the first time the police have let such a large demonstration proceed without interference.

The students gathered for half an hour on a hillside near the U.S. Information Service office at the edge of the city. center and then marched toward the center before dispersing.

Since residents know that public displays of anger at the Serb government can be dangerous, few demonstrations have lasted more than an hour — the amount of time it usually takes for the authorities to reach the breaking point.

But Friday there were scores of foreign television cameras watching, and the Belgrade government has already been threatened with new foreign sanctions for using excessive force while acting against suspected Albanian extremists. Photographs of policemen bearing students during a demonstration two

weeks ago were a public relations disaster for the government, and they served to enrage rather than subdue the majority ethnic Albanian populace in Kosovo Still, a Western diplomat said that the

government's view had previously been that "the first time there is a demonstration that doesn't get broken up, there will be another one" immediately af-

■ EU Won't Back Independence

The European Union will fully support Kosovo's demands for greater autonomy in Yngoslavia, but it will not back independence, the bloc's foreign ministers agreed in Edinburgh on Friday, Agence France-Press reported.

Sky Really stronomers By Malcolm W. Browne

WYORK - The prediction than wide asteroid would pass sh close to the Earth in the 188 has sparked a bitter debate The extent of the danger.

for new data we have anasid brian clearinghouse of main's main clearinghouse of would information. If would information if would in the probability of an impact than it did on the probability of an impact in the pr steller than it did on Wed bein is not zero.

is the it is not zero.

If steroid in question, called the steroid in question.

If it is not zero.

If it is since then. Mr. Mariden wed Wednesday that the object within 10,000 silely to come within 10,000 silely to kilometers) of the Earth 20. 2028 — closer than any in the past, in the circumstances, there was that the asteroid might his the asing immense devastation,

shad of the Central Bureau for al Telegrams at the Small Asrophysical Observatory in Massachusetts. Mr. Wikading experts in the motions

and comeis. habs view has been challenged by Yeomans and Paul Chodas astronomers at the Jet Laboratory in Pasadena,

and the same observa-and by Dr. Marsden. Mr. Yeo and in an interview. We con-altium ngorous analysis of the Ansoid - the region of space in the steroid might be during its. approach to Earth — that this nil not encompass the Earth herefore. Mr. Yeomans said

Fore Unveils

SHINGTON — Based on a mo-

ad midnight inspiration. Vice

Al Gore announced on Frie

miganist the blackness of mach

"all-Earth, all-the-time."

a be transmitted from a state stationed between Essen

2 sm would resemble the back

purar of the fragile and isolated

tan Al Gore announced out and taken to make a live video image in all sunlit Earth — spinning out.

Maximeton Post Service

trision and the Internet.

man rights groups and foreign leaders, including Norway's prime minister, have taken up Mr. Vanunu's case. President Boris Yeltsin, who is reover photographs of the inside of the plant to the newspaper. ported resting at his country house. Dumas and the Gallic Scandal du Jour

held in isolation since 1986.

By Charles Trueheart Washington Post Service

WASHINGTON - France is embroiled in a growing scandal reaching the highest levels of power. Although the French affair bears little real similarity to the charges preoccupying the White House, there are parallel atmospherics: a many-fingered, long-running indicial investigation, an Asian money factor, charges of partisan conspiracy and, of course, a femme fatale.

On Tuesday, after a checkup, Mr. Yeltsin told reporters to stop 'dragging The leading man is Roland Dumas, out the subject of the president's 75, a swashhuckling lawyer and Socialist elder statesman. A former foreign min-"There is no such subject," he went ister and close associate of former Preson. "It is closed." He invited the reident Francois Mitterrand, Mr. Dumas is head of the Constitutional Council, makporters to compete with him in swiming him France's fifth-highest official.

Mr. Dumas has been called to appear before two investigating magistrates next week to answer questions about his role in the 1991 sale of six Frenchmade warships to Taiwan. The \$3 billion purchase by Taiwan from the French armament company Thomson-CSF bad long been opposed by Mr. Dumas, who as foreign minister feared it would

French-Chinese relations. What interests the magistrates, Eva Joly and Laurence Vichnievsky, is whether Mr. Dumas's eventual acqui-escence to the deal had to do with the subsequent payment of more than \$10 million in commissions to a close friend,

Christine Deviers-Joncour.
Mrs. Deviers-Joncour, 51, who has being held on embezzlement charges and who is cooperating in the investigation, subsequently bought a \$3 million Paris apartment. Her annual salary was about \$25,000.

She was at least technically an employee of the then state-owned French oil company, Elf Aquitaine SA, whose operations in Africa and elsewhere are at the heart of the magistrates' investigation. On Monday, the two magistrates placed Elf's former chairman, Loik Le Flocb-Prigent, under judicial examination — one step short of formal charges — for alleged misuse of the company's funds, reportedly those that went to secure Mrs. Deviers-Joncour's lobbying services with Mr. Dumas.

As a state-owned company, Elf's disbursements for commissions - officially sanctioned bribes designed to grease business deals — were approved at the highest levels of the French government,

according to French news reports.

The magistrates are investigating the alleged intermingling of private and public funds at Elf. Its status as a state enterprise reportedly made it a convenient nexus for bribery and embezzlement, a conduit to buy the cooperation of African governments with which Elf does much of its business, and a channel for laundered funds that eventually returned to France to finance domestic political parties.

Mr. Durnas categorically denied knowing anything about the financial arrangements between Elf and Mrs. Devices-Joncour, whom he described in an interview with Le Figaro as "a friend with whom I had private relations."

He said he had dismissed ber ar-

guments about the Lafayette-class frig-ate sale and, though acquiescing in the government's decision, had never changed his mind about its wisdom. Mr. Dumas said he had no intention of

stepping down as chief of the Constitutional Council, declared that "political



motives" might be behind an attempt to "destroy" him, and paid a highly visible call on President Jacques Chirac, who said Mr. Dumas was entitled to the presumption of innocence. He also said that \$500 million in commissions were paid on the Thomson deal, and that he had seen a list of the recipients. The existence of such a document could have

Dictionary 3 tels Sting of bblic Opinion

Thington Post Service MINGTON - Prodded by ara of a national boycott and onespondence from thoudepende around the United at a task force to come up. er definitions for the word and hundreds of other words found in its col-

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TRAVEL UPDATE

Spanish Pilots Warn Of Prolonged Strike

MADRID (Reuters) — The Spanish pilots' union SEPLA threatened Friday to prolong planned strike action against Iberia Air Lines of Spain beyond July if a dispute with management was not

The union has called strikes by pilots at Iberia, Iberia's subsidiary Aviaco and the charter airline Air Europa from 8 A.M. to 1 P.M. and from 4 P.M. to 10 P.M. every Monday and Friday from next Friday through July 31. Union officials said they had not been

consulted about a plan by Iberia to use Air Europa pilots on a part-time basis to operate leased planes in its fleet.

The union said that if the dispute was not resolved by the end of July it would consider further measures.

Smoking to Be Banned On All Swissair Flights

ZURICH (Reuters) - Swissair said Friday that it was extending its nosmoking policy to its entire route network starting June 1.

"Statistics have shown that four out of five Swissair passengers, including many smokers, wish to travel in a smokefree environment." the airline said. A ban on smoking is already in effect

on the airline's European and North Atlantic flights. British Airways announced a system-wide smoking ban Tuesday.

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Roland Dumas, a former foreign minister and Mitterrand associate. much broader implications.

WEATHER

Windy and cold in the Dry and mild neroes weet weet and New England Sunday through Tues on Europe Iram London and Amsterdam southward and child with rain in Tokyo and mild sunday flired and Child with parial sunday thinker effect show to Paris and Madrid 2mst and child with parial sunday flired and child with parial sunday flired the Southwest SunEuropo with clouds and a phine in Beiging Sunday rain in the Southwest SunEuropo with clouds and a Perhaps some rain Monday and Liming couler of spamides or flurecoller early next week. Dry cold gcross and cold in the northern counter southwastern Europo with law of the colder are will succeed and the colder are will su

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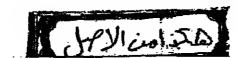
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Thousands Mand In Kosovo, Calling Is Sky Really Falling? R. Jeffrey Struth Astronomers Bicker "the likelihood of the asteroid "the likelihood of the asteroid "the likelihood of the asteroid STOUTH 1 1200 love and also a service and a service

New York Times Service

NEW YORK - The prediction that a one-mile-wide asteroid would pass that for the state of the state dangerously close to the Earth in the year 2028 has sparked a hitter debate about the extent of the danger.

"From new data we bave analyzed," said Brian Marsden, director of the world's main clearinghouse of astronomical information, "I would agree that the probability of an impact seems smaller than it did on Wednesday, but it is not zero."

The asteroid in question, called 1997 XF11, was discovered three The Series and Police To Series Serie months ago by James Scotti of the University of Arizona. Based on observations since then, Mr. Marsden announced Wednesday that the object was likely to come within 30,000 miles (48,000 kilometers) of the Earth on Oct. 26, 2028 - closer than any such object observed in the past.

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Under the circumstances, there was COLORINA COL a risk that the asteroid might hit the Earth, causing immense devastation.

As head of the Central Burean for Astronomical Telegrams at the Smithsonian Astrophysical Observatory in Cambridge, Massachusetts, Mr. Marsden is regarded as one of the world's leading experts in the motions of asteroids and comets.

But his view has been challenged by Donald Yeomans and Paul Chodas, olanetary astronomers at the Jet Propulsion Laboratory in Pasadena, California.

"Working from the same observa-tions used by Dr. Marsden," Mr. Yeo-mans said in an interview, "we concluded from rigorous analysis of the error ellipsoid - the region of space in which the asteroid might be during its closest approach to Earth - that this region will not encompass the Earth

"the likelihood of the asteroid hitting the Earth is effectively zero.'

Moreover, he said, the asteroid would come no closer than 54,000 miles from the Earth - much closer than other observed asteroid passes, but greater than Mr. Marsden's estimate of 30,000 miles.

Officials at the Jet Propulsion Laboratory said in a press release late Thursday that Mr. Yeomans and Mr. Chodas had recalculated their information to find that the asteroid would pass no closer than 600,000 miles

Mr. Marsden vehemently rejected this view. "We simply do not have sufficient knowledge of this object to



Brian Marsden with a 19th century telescope at Harvard University.

Sighting Puts Universe Farther Out

By Kathy Sawyer Washington Post Service

WASHINGTON - Astronomers have detected the most distant known object in all creation, a young galaxy that existed when the universe was only 6 percent of its present age.

The discovery, announced Thursday, stretches the reach of human perception 90 million light-years farther than it bas ever extended before, to the period less than a billion years after time and space began in the explosion known as the Big Bang, scientists

The finding ofters encouragement that the emerging generation of large, ground-based telescopes will finally be able to unveil the primeval galaxies of that epoch, when the first generations of stars formed. To penetrate this murk is a central goal of modern astrophysics.

stage of the universe in terms of the objects that lived there, or how galaxies - giant collections of stars might form," said Arjun Dey, a postdoctoral fellow at Johns Hopkins University in Baltimore, who led the team that made the discovery.

As the cosmic "egg" exploded, ac-cording to Big Bang theorists, the cosmos was a smooth soup of warring subatomic particles. As it expanded, the universe cooled and somehow transformed itself into the landscape of star-filled galaxies that we see today. Just how, and when, that transformanon occurred is one of cosmology's great mysteries.

"We are trying to find baby galaxies," Mr. Dey said. "These are galaxies that would eventually turn into something like the one we live in, but would be undergoing their first episode of star formation.

In other words, he said, such galax, eff.

''It's an extremely exciting discovies "are essentially collapsing from a transfer," Mr. Yeomans said, ery, since so little is known about this large gas cloud and forming their first

generation of stars." Mr. Dey and others said it was not

yet clear whether they bad now discovered one such primeval galaxy, hnt this is their best candidate to date. "We're at a watershed, in obser-

vational cosmology," said Mr. Dey, whose team used the largest optical and infrared telescopes in the world: the 10-meter Keck I and II complex atop the dormant volcano Mauna Kea

Because of its great distance, and the constant speed of light, the re-searchers said, they see the early galaxy—known as 0140+326RD1, or RD1 for short — a relatively short 820 million years after the universe sprang into being as a uniform, expanding fireball of particles. This assumes the universe is about 13 billion years old. a figure that is the subject of continuing debate.

This means the light from the galaxy has traveled a distance of about 12.22

Gore Unveils Plan to Make Planet Earth a TV Star

WASHINGTON -- Based on a moment of midnight inspiration, Vice President Al Gore announced on Friday a plan to make a live video image of the full, sunlit Earth - spinning on its axis against the blackness of space - continuously available to the world, via television and the Internet.

The "all-Earth, all-the-time" images, to be transmitted from a small spacecraft stationed between Earth and the sun, would resemble the historic portrait of the fragile and isolated blue planet snapped by the Apollo 17 astronauts — the last men on the moon — on Dec. 7, 1972, a picture that has become an icon.

But the new version, capturing surface features as small as five miles square (13 kilometers square), would depict the motions of changing clouds, the advance of hurricanes, large-scale fires in oil fields or forests and other phenomena virtually as they occur.

Mr. Gore announced the program at technology conference at the Massachusetts Institute of Technology in The administrator of the National

Aeronautics and Space Administration, Daniel Goldin, said earlier that be hoped to keep the cost of the project close to \$20 million and definitely below \$50 million.

He said he would solicit commercial participation — for example from cable television companies, to lower the costs even further.

Mr. Goldin said the spacecraft would be equipped with an eight-inch telescope and a three-color camera ca- efits.

pable of twice the sharpness of highdefinition TV, with the image to be 'refreshed" every few minutes.

An earth scientist, upon bearing a description of the project, said some experts might question the scientific value of the project.

But Mr. Gore, who has a blowup of the Apollo 17 image mounted on the wall of his office in the West Wing of the White House, said be was convinced the project would have scientific, educational and spiritual ben-

A Dictionary Feels Sting of Public Opinion

Washington Post Service WASHINGTON -- Prodded by the threat of a national boycott and angry correspondence from thou-sands of people around the United States, Merriam-Webster has assembled a task force to come up with new definitions for the word "nigger" and hundreds of other offensive words found in its collegiate dictionary.

The entry in its entirety for "nig-ger" in the current Merriam-Webster's Collegiate Dictionary is as follows:

"1: a black person - usually taken to be offensive" 2: a member of any dark-skinned race - usually taken to be offensive 3: a member of a socially disadvantaged class of persons (it's time for somebody to lead all of America's niggers . . . all the people who feel left out of the political process - Ron Dellums]

"usage Nigger in senses 1 and 2 can be found in the works of such writers of the past as Joseph Conrad, Mark Twain, and Charles Dickens, but it now ranks as perhaps the most offensive and in-flammatory racial slur in English. Its use by and among blacks is not always intended or taken as offensive, but, except in sense 3, it is Otherwise a work expressive of racial hatred and bigotry.

Now, a campaign questioning the definition and the word's proper role in the English language has caused the dictionary publisher to take the unusual step toward redefining it.

"We are definitely looking at it very closely," said Deborah Burns, director of marketing for Merriam-Webster Inc. 'It is very, very likely that there will be a change in the definitions of all offensive

Merriam-Webster has received thousands of phone calls, letters and e-mails from people insulted by the company's definition, Ms. Rums said. The leaders of the effort to strike or rephrase its definition say Merriam-Webster portrays the word foremost as a synonym for black people while houng that it is a slur almost as an afterthought.

'We came to the conclusion from all the comments that we were receiving that maybe our dictionary is not as clearly written as it could

Senate Urges a UN Trial for Saddam

WASHINGTON - In a largely symboth move, the School would make mously Friday to urge the creation of a United Nations tribunal to try President Saddam Hussein of Iraq as an international war criminal.

The 93-to-0 vote on the nonhinding resolution was a gesture of political frustration in dealing with the Iraqi pres-

The resolution urges calls for the UN tribunal to be convened 'for the purpose of indicting, prosecuting and imprisoning Saddam Hussein."

It passed with no debate Friday after brief discussion on Thursday.

"It is obvious that taking Saddam Hussein into custody is a very complex matter and perhaps impossible without an enormous military source," said a sponsor, Senator Arlen Specter, Republican of Pennsylvania.

The indictment itself, even in absentia, could give the United States "the igh moral ground," Mr. Specter said.
Senator Byron Dorgan, Democrat of

North Dakota, another sponsor, told the Senate that Mr. Saddam had used chemical weapons on his enemies, both inside and ontside Iraq, had waged war against Iran and Kuwait, had attacked Israel and had plotted the assassination of former President George Bush.

A war-crimes trial would focus international attention on Mr. Saddam's record, Mr. Dorgan said.

The Senate majority leader, Trent Lott, Republican of Mississippi, a critic of a UN probered accord that averted a U.S. military strike against Mr. Saddam, is a strong supporter of the effort.

Mr. Lott has also said he would support increased sanctions, money for a 'radio free Iraq'' and covert action to bring down the Iraqi president, sug-

gesting that "containment doesn't seem to get what we want."

the Sunate action came as Mr. Lottand other Republicans voiced displeasure over efforts by the United Nations secretary-general, Kofi Annan, to bridge U.S.-Iraqi differences.

Mr. Annan was in Washington for two days this week and on Thursday appealed to the United States to pay long-delinquent dues, suggesting the United States could lose its voting rights in the General Assembly if the more than

\$1 billion in back dues remains unpaid. The dues are tied up in a battle between the Clinton administration and the Republican led Congress over unrelated abortion curbs. President Bill Clinton has said he will veto any bill that includes abortion restrictions, even if it delays the back payments to the IIN or money for the International Monetary Fund to help ease the Asian economic crisis.

China Might Escape UN Rights Censure

WASHINGTON — The United States has hailed as a major advance the decision by China to sign a UN human rights covenant, and it hinted that Beijing might escape U.S. censure at a UN rights meeting in Geneva next week.

The State Department spokesman, James Rubin, said the Chinese an-nouncement would have a "significant impact" on whether Washington would sponsor a resolution in Geneva critical of the Chinese record, but he said no final decision had been made.

Foreign Minister Qian Qichen said Thursday in Beijing that China would sign the International Covenant on Civil and Political Rights, something the United

States has long been urging it to do. Mr. Rubin called this "very welcome "Clearly, this is a step forward," Mr. Ruhin said Thursday. "It's the kind of step on human rights that the world has long called for and it will provide" a way "to shine the spotlight on human rights abuses in China," he said. "That's wby this convention is so important, and that's why this develop-

ment is so significant. Once China ratifies the covenant, it will have to report on its rights practices within one year and then every five years thereafter. The report will be reviewed by an international committee of specialists. By announcing its intention to sign the covenant, China has "indicated in more concrete terms than ever before that it accepts the universality of human rights," Mr. Rubin said.

President Bill Clinton had made the signing of the covenant a priority topic

during his meeting with President Jiang Zemin of China last October.

China wants to avoid being censured at a meeting of the UN Commission on Human Rights that opens in Geneva on

The European Union, citing progress on human rights in China, has agreed not to sponsor a resolution this year critical of Beijing's record. But the United States, which co-sponsored a resolution last year, is keeping its op-

tions open.
"We'll have to assess our position in light of this decision by the Chinese," Mr. Rubin said.

In its annual human rights report, the State Department said this year that Beijing had made progress in protecting fundamental freedoms, although serious abuses remained.

Clinton's New Strategy: Blame the Republicans

Legislative and Lewinsky Policies Melded

By John F. Harris Washington Post Service

WASHINGTON — If congressional Republicans stall this year in passing legislation for a comprehensive tobacco settlement, President Bill Clinton has already signaled what his response will be: He will attack them as shirkers, more interested in partisan politics than in the public interest

And if Republican lawmakers begin to step up their muted criticism of Mr. Clinton in the Monica Lewinsky controversy. White House aides say they are ready with a response: They will attack the Republicans as shirkers, more interested in partisan politics than in the public interest.

It is a curious twist in strategy.
When the Lewinsky allegations first emerged late in January, the White House line was that Mr. Clinton's legal problems and his legislative agenda were two different things, one baving nothing to do with the other.

The new line, as advanced by various Clinton aides this week, is that the two things may be linked after all.

Increasingly the White House strategy is the same whether playing defense on scandal or offense on legislative battles over tobacco and health care: Use congressional Republicans as

That strategy was on display Thurs-day when Mr. Clinton spoke to the National Association of Attorneys General and blessed bipartisan tobacco leg-islation. Noting the unusually light number of working days that Congress has scheduled this year, Mr. Clinton remarked pointedly: "Most Americans have 200 days left in their work calendar this year - hut the work calendar

schedule in Washington is only 68:

And he won a standing ovation from the state officials when he called on them to lobby lawmakers to act quickly on tobacco by referring to those young-sters who start smoking. "You have to go to the Congress and say, 'A thousand kids a day is too high a price to pay for

another year's delay. "
So far, Mr. Clinton has not spoken directly about the decisions that Republicans will have to make if, as many on Capitol Hill expect, the independent counsel, Kenneth Starr, hands over the results of his investigation of the Lewinsky matter to Congress this spring. Increasingly, though, Mr. Clinton's political aides are planning for that scenario.

The expectation, they said, is to re-

prise the same accuse-the-accuserstrategy that has succeeded in making Mr. Starr an unpopular public figure. Aides said they had an unexpected boost for this approach in recent days, courtesy of the Senate majority leader. Trent Lott, Republican of Mississippi, who charged that the Lewinsky controversy had become a distraction to the congressional agenda.

White House aides pounced on the' remark, accusing Mr. Lott of being more interested in scandal than in legislation and wondering why the matter

was affecting Senate business. "We are going to make progress on the people's business, and if they choose to marry themselves up with Ken Starr that's their business," said the White House senior adviser, Rahm Emannel.

Still, Mr. Clinton faces a major problem in lambasting Republicans as not being genuinely interested in passing legislation: Some people in his own party have the same lack of interest.

POLITICAL NOTES

Joseph Kennedy 2d Plans to Quit Politics

— Representative Joseph Kennedy 2d, upset about the recent death of his brother Michael, will not run for re-election and plans to leave politics, a family aide said Friday.

Mr. Kennedy, 45, is the eldest son of Robert F. Kennedy. He represents the 8th District of Massachusetts, covering much of Boston and Cambridge. The seat was once held by his uncle,

John F. Kennedy. In August, Mr. Kennedy, a six-term congressman, announced that be would not run for governor. Although be had been viewed as a beavy favorite in the race, his public standing slipped after negative publicity during the first half of 1997.

Kennedy, published a book accusing him of trying to force ber into agreeing

to an annulment of their marriage. Then, his brother Michael was investigated for allegedly having sex with the family's teenage baby sitter.

On July 4, one of Joseph Kennedy's twin 16-year-old sons was burned as he and the congressman lit fireworks at the family compound in Hyannis Port. Fireworks are illegal in Massachusetts. In August, John F. Kennedy Jr., Joseph and Michael's cousin, called them

'poster boys for bad behavior.'

Michael Kennedy, who was 39,

died Dec. 31 in a skiing accident. The aide said Joseph Kennedy, a member of the House Banking & Financial Services Committee, planned to devote his time to Citizens Energy, a nonprofit heating assistance corporation be took over after Michael Kennedy's death.

Transportation Bill: Something for All

First, his former wife, Sheila Ranch Representative Joseph Kennedy.

transportation bill that would be among the nation's largest public works plans ever, overcoming regional conflicts by expanding every state's pot of transit and highway funds, and creating major headaches for congressional budget balancers in the process.

The 96-to-4 vote on the six-year transportation bill came at the end of two weeks of spirited horse-trading in which virtually every senator tried to win more money for his or her state's highway, bridge, bus and rail systems. Many succeeded, pushing the total cost of the plan well beyond the strict spending limits set by last year's balanced budget agreement.

Now comes the hard part: Senate budget negotiators must begin identifying other programs for trims to off-set the \$31 billion in new spending in the hill. Senate leaders declined to say

where those cuts might fall.

The House faces the same quandary with its bill, which earmarks \$4 billion more than the Senate bill., as deficit hawks are resisting efforts to break the washington—The Senate has overwhelmingly passed a \$214 billion spending caps. A task force has met to try to resolve the dispute, but did not reach an agreement. (NYT)

Away From Politics

 A white teenager was sentenced in Mohile, Alabama, to 15 years in pris- ported a good image of the city. (AP) on for burning a rural black church during a night of drunken revelry. Alan Odom, 18, was convicted last year of conspiring to hurn St. Joe Baptist Church in Little River. (AP)

New York Times shows 61 percent of people surveyed have a generally "good image" of New York City, compared with the 43 percent who did said crime was the city's main atpercent of those who have visited migration service.

New York in the last five years re- Two white police officers beat and kicked an 18-year-old black youth and conspired to cover it np, the Chicago

Police Board ruled in ordering the

officers dismissed. • A national poll conducted by The • Federal agents have shut down two major immigration fraud rings, one in Northern Virginia and the other in New York, arresting eight government officials and dozens of other so in 1996. About one in four people alleged conspirators. Among those indicted were a special agent of the tribute in 1996, but half as many said Bureau of Alcohol, Tobacco and Fireso in the latest poll. The Times said 77 arms and seven employees of the im-

Maynard Amerine, 87, U.S. Wine Expert, Dies

NEW YORK - Maynard A. Amerine, the elegant and erudite plant physiologist whose pioneering research helped revive the California wine industry after the repeal of Prohibition, died Wednesday at his home in St. Helena, California. He was 87.

Mr. Amerine, who was widely acclaimed as

the father of American wine, died after a threeyear battle with Alzheimer's disease, his doctor Mr. Amerine was the first researcher hired in 1935 by the newly formed Department of Viticulture and Enology at the University of Cali-fornia at Davis. He completed his doctorate

while researching the effect of climate on

grapes in the fledgling program, became a full professor in 1952 and was the department chairman from 1957 to 1962.

In a career spanning 60 years, he published 16 books, more than 400 scientific papers, and dozens of articles in popular magazines. His work on the role of climate in grape growing, enology, plant hiology and sensory perception is a mainstay among vintners throughout the

Indeed, after the vines that had been left untended during Probibition were nursed and coaxed into world-class status, Mr. Amerine began serving as a consultant to foreign governments with dreams of developing wine industries. The viticulture in Chile, Brazil, Al-

gezia, South Africa, Australia, Japan and New Zealand benefited from Mr. Amerine's advice. Manuei Pineiro, Cuban Spymaster

MIAMI (NYT) - Manuel Pineiro, 63, the ruthless but urbane spymaster who for more than 30 years led Cuba's intelligence apparatus and directed its efforts to export revolution to the Third World, died in a car crash in Havana on Thursday, Prensa Latina, reported.

Known as Barba Roja, or Red Beard, Mr. Pineiro served as Cuba's main liaison and dispenser of weapons and cash to Latin American guerrilla groups. His adversaries at the Central Intelligence Agency regarded him as a cunning and dangerous foe.

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> Herald Eribune THE WORLD'S DAID' NEWSPAPER

Revive Mideast Talks

cause of the virtual collapse of Israeli-Palestinian peace talks. But it is an aggravating factor, something that makes it more difficult --- observe Palestinian kids waving the Iraqi flag — and more urgent to put those talks back on track. Progress toward peace will serve first the parties. But it will also permit wider Arab, Israeli and American cooperation in meeting secular Iraqi challenges and broader fundamentalist ones across the region.

Israel bas not convinced most Palestinians that they can reasonably expect to achieve their principal goal of statehood in a respectable territory. And it can hardly be expected to do so until Palestinians have convinced most Israelis 1) that they are prepared to bring the pressure that only they can to end the recurrent acts of terrorist brutality and 2) that at the end of the road lie decent measures of peace and se-

To state the problem is 10 indicate the solution. From the Israelis must

The Saddam Hussein crisis is not the come acknowledgment of a respectahle Palestinian state - when the Palestinians are prepared to make demanding special provisions for Israeli security. The Israeli government meanwhile itself temporizes, hinting at such trade-off concessions even while undercutting the hints with provocative settlements and rhetoric.

Naturally, Israel could not be exnected to make new commitments unless the Palestinian Authority were showing itself ready in deeds and words (rewriting the Palestinian Charter, ceasing to tolerate and denouncing the unceasing hate speech) for neighborly relations.

The Clinton team knows the stakes but lacks a sound strategy. It has been working up small "bridging" propos-als meant to get up momentum. But the situation requires high-profile break-throughs. This negotiation can still work if Bill Clinton will take the political risks of getting out front and clearly and insistently indicating the way. — THE WASHINGTON POST.

Nonviolence in Kosovo

Although it is violence that makes beadlines in Kosovo, the remarkable thing about this province of Serbia is that for years most of its ethnic Albanians have responded to Serbian repression with nonviolent resistance. As the world follows the bombings and killings of a new Albanian guerrilla movement and Serbia's disproportionate response, the peaceful efforts of students and independent journalists deserve attention and support.

Kosovo governed itself until Slobodan Milosevic came to power in Yugoslavia in 1989, He turned the province into a police atate and dismissed ethnic Albanians from their jobs. The government barred Kosovar students from entering university buildings, and introduced a new curriculum using the Serbian language and Serbian versions of history.

Today, Kosovars go to class, even to study medicine, in private living rooms, kitchens, garages and mosques. This system is financed with donations from Kosovars in exile. Mr. Milosevic signed an agreement in 1996 promising to take steps to normalize the education situation, but he has done nothing to live up to it.

Last year, the students began to protest, seeking approval to hold Al-

banian-language classes in the largely idle campus buildings. Serbian police crushed the last protest, injuring bun-dreds of students. The students planned another demonstration this Friday, this time a broader one against violence.

Kosovo's students, who bave met with Serbian students from Belgrade, are among the leaders of the province's civil society. So are Kosovo's independent journalists, who recently formed a joint news service with Belgrade's independent B-92 radio and Beta news service. Such contacts are rare and should be expanded.

These efforts mark a path between two extreme responses to Serbian repression. The Kosovar leader, Ibrahim Rngova, opposes all protests, including the student demonstrations. The other extreme, the new and still small guerrilla army, tempts Kosovars into a violent, doomed struggle against a mucb stronger Serbia.

Seventy percent of Kosovars are under 30, and virtually all these younger people are jobless. Serbia's bombardment and massacres will draw more of them — especially those impatient with Mr. Rugova — into replying with arms. Active nonviolence is more important than ever.

-THE NEW YORK TIMES.

Asteroid Cinema

Those early and alarming claims that a huge asteroid might be beaded for a collision with Earth undoubtedly elicited the same initial response from most readers. But once they got done calculating exactly how old they would be on Oct. 26, 2028, their reactions were more diffuse. People who are middle-aged now may have been taken with the idea of going out with a bang. American generation-Xers probably nodded grimly at yet another proof that they were never going to get to collect Social Security.
Scientists estimated the odds of the

asteroid, dubbed XF11, actually hitting Earth at somewhere between very small and completely nonexistent. But in circumstances like this, nothing could be more disconcerting to a modern, media-bred Earthling than bearing a group of distinguished experts say there is no cause for alarm. Of all the potential problems facing

our planet, a hurtling asteroid is probably the one in which our store of information is most completely dependent on bad movies. We know that while the Nobel Prize winners are assuring the world that there is nothing to fear, somewhere back in the observatory an extremely attractive woman is staring at her computer and gasping.

The lessons we have learned most thoroughly from years of disastermovie-watching are that when something bad seems to be beaded our way from the heavens, 1) nations of the world must unite against a common enemy, and 2) an American must fly

into space to blow the darned thing up.
Sure enough, faster than you could
say klaatu barada nikto (the words that saved the planet in "The Day the Earth Stood Still"), a scientist from the Lunar and Planetary Laboratory was ex-pressing hope that XF11 would help in

'drawing people together.' Scientists — and politicians — also

theorized that, with enough warning of the asteroid's trajectory, military and science experts might be able to deflect it from any potential Doomsday path

hy setting off an explosion in space. Coincidentally, two big-hudget asteroid films are set for release this summer, one focused on international cooperation and the other on Bruce Willis blowing things up. With Hollywood thinking this way, can the defense contractors be far behind? -THE NEW YORK TIMES.

Other Comment Hoping to Destroy Israel

In the two decades since President Anwar Sadat of Egypt made his fa-mous trip to Jerusalem to address Israel's Parliament, a consensus has emerged that the Arab effort to destroy Israel is a thing of the past. Are such appraisals accurate?

Without a doubt, over recent decades the Arab disposition toward Israel bas changed in significant ways. But in other quarters hatred of Israel bas not ceased.

On the contrary, Arab rejectionism — the intent to destroy Israel — continues to flourish. Some rejectionist leaders speak openly of their purposes. Others talk of two stages - accepting Israel now and destroying it later, when the wheel of fate turns and Arabs are mighty once again.

Many Westerners, and some Israelis, discount the anti-Israel vitriol. But the record shows that quite a few Arab dictators show greater flexibility toward Israel than do their subjects.

- Daniel Pipes, editor of the Middle East Quarterly, speaking on Wednesday to the U.S. Senate

Foreign Relations subcommittee on Near Eastern and South Asion affairs.

Herald Tribune

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Nothing Less Than Serious Autonomy for Kosovo

WASHINGTON — The gathering rebellion against Serbian rule in Kosovo brings the political chain re-action that atomized Yngoslavia into a new yet eerily familiar stage. History should not repeat itself. Kosovo should not become a new Bosnia, despite the appalling surface similarities.

Once again the Serbs grimly position themselves as the villains and the ultimate losets of a bloody conflict that does not have to happen. Once again the United States and its allies risk taking diverging paths in a conflict that strikes at European stability. Once again the potential for miscalculation hy all parties is enormous.

This month's brutal repression by Serbian police of the ethnic Albanians in Kosovo, where at least 77 people have died, resumes Slobodan Milosevic's march toward a Lesser Serbia.

Mr. Milosevic and his surrogates have lost nationalist wars against Slovenia, Croatia and Bosnia. Now atomization strikes into Serbia itself, as 1.8 million Kosovars chafe under the discrimination and hardships that the 180,000 ruling Serbs, backed by the national army, inflict on the province. Those are not winning odds for the Serbs.

By refusing to grant the Kosovars serious autonomy in a self-governing republic within Serbia, Belgrade pushes them into rebellion for full independence. Instead of the Greater SerBy Jim Hoagland

bia that Mr. Milosevic vowed to build out of the wreckage of Yugoslavia, the Serbian ruler condemns his people to new territorial amputation if he does not radically alter course.

He can make the Muslim Kosovars and their ethnic allies in neighboring Macedonia and Albania pay in blood and stability. He can plunge the Balkans back into the flames of war that

Cease paying tribute to territorial integrity maintained

by brute force.

the Dayton peace accord extinguished in Bosnia. But he cannot defy demographic laws of gravity.

The myopia that must not be repeated extends far beyond Belgrade.

In 1990 and 1991, Washington lost much of its considerable ability to influence the course of Yngoslavia's breakup by clinging to the fiction that Yngoslavia could and must survive as one unified state, long after that outcome ceased to be an option. Today. Washington aggressively supports Ser-

By Martin van Creveld

bia's territorial integrity just as strongly as it supported Yugoslavia's, f while criticizing the repression re-quired to maintain Serbia's survival in existing boundaries.

Such cautious, balanced abstractions cancel each other in the grim world of the Balkans, and in the Third World. Washington should cease paying

tribute to territorial integrity maintained by brute force, whether that force is exercised in Serbia, Iraq, Indonesia or China. The United States should stop opposing in word and deed the aspirations of Kosovars, Kurds, Timorese or Tibetans willing to fight oppression visited on them by other dominant ethnic groups who have a monopoly on firepower and organized violence.

Such generalizations rooted in broad principles make diplomats nervous. But in Kosovo right now, U.S. statements and actions should make clear that America does not put the shibboleth of territorial integrity (of a self-splitting entity) above human and civic rights. U.S. pressure would contribute to

the Serbs doing what they need to do: open unrestricted negotiations with the Kosovars on the territory'a future. The current upheaval is likely to be Mr. Milosevic'a last best chance to get the Kosovars to join open-ended talks formally insisting on independence and then to persuade them, through negotiation, to settle for real autonomy.

countries that have supported Serbia's over ang nationalism in the wars of extragoslavia (I have Russia Britain and France in mind) must also recognize that the Serbs face fresh disaster over a or long run that is not very long.

These powers should join Washington in emphasizing to the Serbs that clinging to historic but outmoded, and sploitative, concepts of territorial invity is the surest route to national vion in the cra of globalization.

I government in the form of provide superstructures like proposition of provide superstructures like proposition of provide superstructures like proposition.

racial ideology in the form of pan-Slavism and pan-Arabism, have been tossed on history's ash heap in this decade. It is a time when the center does not bold, when atomization is the dominant force in international politics.

Territorial integrity maintained by brute force is not only unjust in the modern world. It is also mefficient and ultimately untenable. World business knows this. How long will it take the politicians and diplomats in Belgrade, and Washington, to discover the obvious in Kosovo?

. The Washington Post.

The Threat Presented by Saddam Is Much Exaggerated

FERUSALEM - Now that the Iraq crisis appears to be over, we can see it for what it truly was. In my view, the threat that Saddam Hussein presents today has been vastly exaggerated both in the United States

and bere in Israel. With his military force still weakened by the 1991 Gulf War and his economy crippled by seven years of sanctions, the Iraqi president is incapable of mounting a serious assault on anyone by air, land or sea.

It is hard to know precisely what the economic situation in Iraq is today; the country's economic data have long been considered a state secret. But in 1990, the last year for which reliable estimates exist, the International Institute of Strategic Studies in London suggested that Iraq, with its 18 million people, had a gross domestic product that was equal to beween 1 and 2 percent of that of the United States.

Since then the country has lost a major war, endured a series of vicious civil wars in which thousands (and possibly tens of thousands) were killed,

PARIS — Last month the CIA, after 36 years, re-

luctantly released the report of

its inspector general's inquiry into the Bay of Pigs fiasco, in which nearly 1,500 Cuban op-

ponents of Fidel Castro were

killed during a CIA-sponsored invasion that the CIA lead-

ership no longer believed

This account of incompe-

tence, hureaucratic obscurant-

ism and the triumph of "com-

mitment" over common sense

has proved no obstacle to the

Senate Republican majority

leadership's decision last week to try to force the Clin-

ton administration into new

clandestine programs to over-

Trent Lott of Mississippi,

the majority leader, and other

Republican senators have

amended the State Depart-

ment authorization bill so as

to promote still another

'secret' campaign against

the Iraqi leader.

Faith in clandestine action

survives in Washington de-

spite a record of failures - or

successes with deplorable

consequences, as in Guatema-

la and Cambodia — that goes

back even beyond the Bay of

Pigs and includes certain mor-

ally disastrous episodes only

American responsibility in

certain acts of terrorism in

Italy in the 1960s and 1970s

meant to overtum Italian de-

mocracy has been under ex-

Little has so far been re-

ported about this in the United

States. However, it deserves

attention as not only a secret

operation which failed, with

bad consequences for every-

one involved, but because of what it represented in terms of

American political morality.

In December 1969, the

Banca Nazionale dell'Agri-

coltura in Milan was blown up

by a terrorist bomb. Sixteen

people were killed and many

others were injured. It was the

first in a series of anonymous

terrorist acts in Italy appar-

ently committed by right-

These outrages anticipated

the terrorism of the left which

began not long after. Together they provided the political

wing extremists.

amination by Italian justice.

now being revealed.

throw Saddam Hussein.

could succeed.

lost control over much of its northern territory and been subject to sanctions that deprived it approximately two-thirds of its major source of hard currency, oil. Short of some hidden miracle, the Iraqi economy must certainly have fallen to a small fraction of its former size.

What is more, Iraq has never had any major arms-producing industries, and, because it is almost entirely surrounded hy hostile countries it is unlikely to have received significant amounts of arms from elsewhere. It is a Third World country without a highly developed technological or manufacturing infrastructure. (Who remembers ever huying anything, apart from dried dates, with the label "Product of Iraq" on it?)
As the Gulf War demon-

strated, Iraq did sncceed in assembling a primitive version of a 1950s-vintage Soviet medium-range missile. But the attempts to extend the Scud's range were so inexpert that the missiles fired at Israel in 1991 often disintegrated in midair.

American Mischief in Italy?

By William Pfaff

drama of the 1970s in Italy — its "years of lead," during

which right and left effective-

ly cooperated in trying to de-

until now is that the United

States had a part in that effort. In 1968, the Communist Party had done exceptionally

well in the general elections.

and young people in Italy, as

in France and the United

States, were in an uproar about

the Vietnam War. East-West

tensions were high because of

the Warsaw Pact invasion of

The Americans

about a 1969

Milan bombing.

Czecboslovakia to put down

the peaceful uprising there that had claimed to represent "so-

leaders of the Christian Dem-

ocratic Party in Italy, includ-

Aldo Moro (later murdered by

leftist terrorists), were con-

templating a political "open-

ing to the left" that would

allow the Communists, Italy's

second largest party, a greater

tions of the Milan magistrate

cbarged with investigating the

Banca dell'Agricoltura bomb-ing, that act and the terrorist

outrages which followed were

meant to provoke a military

coup d'état in Rome to pre-

vent that move to the left. His

evidence indicates that Amer-

ican intelligence officers sup-

ported, if they did not instig-

ate, those bombings.
The magistrate, Guido Sal-

vini. says that "the Americans

knew in advance about this

and other bombings of the

period, and they actively sup-

ported a strategy of tension

designed to destabilize the

state and create the conditions

for a military coup."
(In April 1967, a military coup bad taken place in

According to the investiga-

role in the country's affairs.

At the same time, certain

former Prime Minister

cialism with a human face."

knew in advance'

What has not been known

stroy Italian democracy.

Even at the peak of his power in 1990, Saddam Hussein's engineers could not build major weapon systems such as aircraft, artillery pieces or tanks, let alone develop the sophisticated electronics necessary to guide the weapons they carried to their targets.

And now, faced with a shortage of spare parts (which his country, without a large automotive or electronics industry, cannot produce), Saddam Hussein is probably incapable of carrying out any large-scale military ground movements.
That would require putting into working order the 3,000 or so vehicles needed to move a modern armored division.

Even if be could muster his troops, it is highly unlikely that his air defense system, which was all but destroyed in 1991, has been rehuilt enough to protect their movements against the kind of air attack that the United States could direct against them.

As for Saddam Hussein's vaunted "weapons of mass de-

Greece, with American acquiescence and tacit approval.)

Italian state television has also investigated the 1969 Mi-lan bombing, and bas broad-

cast a two-part documentary report of its findings. In the

programs, former CIA offi-cials, as well as survivors of the neofascist Italian political

groups implicated in the Mi-lan bombing, discuss the cam-paign and acknowledge

These two programs were

rebroadcast last month on the

Frencb-German television

channel Arte, which is part of

the public broadcasting sys-

tem in France and is a public-

sponsored cable channel in

circulation in the West Euro-

pean press but have not, so far

as I know, had a comprehen-

sive official response from the

television journalists' investi-gation that U.S. military in-telligence, probably naval in-

telligence (the U.S. military

command in Italy is naval),

was responsible for the Amer-

ican involvement in the affair.

rivalry and noncommunica-

tion between the CIA and mil-

itary agencies, that seems

would constitute an extraor-

dinary intrusion by military

intelligence into political mat-

Mr. Salvini has said simply

that "foreign citizens" may

There was, of course, no coup d'état. The Christian

Democratic prime minister,

Mario Rumor, defied those in

his party who wanted a coup.

President Giuseppe Saragat

threatened to resign rather

than preside over "the liquid-

ation of democracy in Italy.

The "strategy of tension" merely killed or mutilated a

number of ordinary Italians.

Its actual political effect was

to reinforce the left, including

the emerging lerrorist left — equally hostile to democracy.

It is a story worth more Amer-

ican attention, and reflection,

International Herald Tribune

Los Angeles Times Syndicate.

than bas so far been given.

be among those indicted.

ters outside its competence.

Given the bureaucratic

It would appear from the

The charges have had wide

Germany and Belgium.

U.S. government.

American involvement.

ture needed to produce them, they are less of a threat than they have been made out to be - and bombing would not have done away with them, anyway.

As some of America's leading scientists confirmed for me two weeks ago, the sort of biological and chemical weapons that Saddam Hussein is thought to have developed can be produced by any university laboratory, and with very limited means. Even if, by some miracle, the last germbearing vial in the last Iraqi laboratory could be targeted and blown up, or be dismantled by UN Special Commission inspectors, the vial a contents could be quickly recreated.

Of course, the missiles that deliver chemical and biological weapons are harder to produce. But after seven years of the Utiscorn inspectors' unrelenting bunt for them, it is bard to believe that Saddam Hussein still has many left - or that he possesses the command-and-control infrastructure needed to launch more than a handful of

them at one time. More important still, the ological weapons together with nuclear weapons under the common rubric of "mass destruction" is misleading for the following reasons: As the bombings of Hiroshima and Nagasaki so spectacularly demonstrated, nuclear weapons are capable of destroying entire cities even countries - in a matter of seconds; by contrast, chemical and biological weapons, however horrible they may be, allow their targets hours or even

days in which to act and react. In that time, cities can be evacuated, affected areas decontaminated, and those people who have fallen ill can be treated with medicines and antidotes. Many may die, but the society and its infrastructure will survive. A whole arsenal of chemical and bacteriologic weapons is no match for even the least powerful of America's 10,000 nuclear weapons — and it is not even clear that Iraq has many.

(Indeed, one argument for Saddam Hussein's reluctance to allow inspections has been that he bas so few weapons left that he does not want to reveal his weakness.)

The United States' main tries. With the exception of Kuwait, which obviously felt obliged to follow the call, they

Arab allies, such as Saudi Arabia and Egypt, seem to realize that Saddam Hussein presents a minimal threat to his neighbors, let alone to more distant coun-

struction" and the infrastruc- refused to join in the recent crusade against Iraq. Yet, senior U.S. policy-

Yet, senior U.S. policy-makers seemed intent on magnifying the Iraqi threat. And is rael followed suit, partly because it wants to side with the United States, partly because it hofes to obtain additional free or discounted military equipment, and partly because Israeli Prime Minister Reniamin Nat Prime Minister Benjamin Netanyabu wants to postpone for as long as possible additional with drawals from the West Bank.

And the threat seems particularly overblown considering the arsenal in Israel's hands. --Saddam Hussein must realize 5: 1 that the first chemical or biological warhead launched :: ". against Tel Aviv would almost certainly be the last.

While it is hard to understand areas the motivation behind the United States' belligerence, there is a _____ larger and more positive lesson to be drawn from the crisis.

Ever since 1946, when first | the Nuremberg trials and then the UN Charter identified conducting "aggressive" war as a crime, states have been losing their previously undisputed grouping of chemical and bi- right to use force against their in.

neighbors. President Bill Clinton's wrangling with the UN Security Council and its emissary, Sec retary-General Kofi Annan, hrings to mind the way in which medieval rulers once required the Pope's consent before going to war, until about A.D. 1300, to wage war without the pontiff's "worth hlessing was to pay a heavy political price. Now, at the end of the millennium, even the world's sole remaining superpower finds it extraordinarily difficult to go to war without first obtaining the sanction of

remembered, if at all, as one the matter on pend more stepping-stone toward toward in the relief they delegitimizing war between na-tions. Considering the havor that wars have wrought on the world during the first half of the 20th century, that is not such a bad thing at all.

international law.

The writer, a military historian at Hebrew University in Jerusalem, contributed this comment to The Washington Post.

Letters intended for publicanon should be addressed "Letters to the Editor" and contain the writer's signature. name and full address. Letters should be brief and are subject to editing. We cannot be re-sponsible for the return of unsalicited manuscripts.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Explosion Report

MADRID — The Imparcial states that the Government is hourly expecting the report of the Spanish Commission of Inquiry into the Maine disaster. The report maintains the opinion already expressed that the explosion was due to accident. The Imparcial adds: "Although the American Commission may report otherwise, the report of the Spanish Commission will be maintained with energy by our government." Spain will not provoke war, but if she is driven to war she will not stand alone,

1923: After Lenin

PARIS - The Herald says in an Editorial: No one can forecast what will be the effect upon the Soviet State of the death of Lenin. Little is known of the kind of popularity he had since he compromised the extreme policies of

those Bolshevist leaders who have written their names as monsters of inhumanity in letters of equal horror on the scroll of time. The awe or fear of Lene will no longer be upon them. in their hands - unless the people show a fixed determination to be free - rests the immediate fir ture of "Holy Russia."

1948: Arabs Killed JERUSALEM - Twelve

Arabs were killed and twenty injured today [March 13] when a party of about fifty Jews attacked Al Husseinia, a village near the Syrian frontier in north Palestine. Details of the fight were scarce, but a government report said several building were blown up. Police and soldiers entered the town later asc detonated grenades and a knay sack of explosives left behind by the Jewish force. With violence increasing in the area, the olence increasing in the area, t the Bolshevists. There remain army also imposed a curiew.

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ternational law.

Thus the recent crisis may be commission. Com

Control of Nagorno-Karabaki Azerbaijan, is one of the a

my for $K_{0s_{000}}$ British Monarchy Changing Its Ways (Or Merely Flying Kites?)

New York Times Service

LONDON - When they saw how angry the public was after the death of Diana, the Princess of Wales, members of the British royal family realized with an altogether unpleasant jolt that their own behavior was at issue. All of a sudden, they were out of touch. They were unloved. They were Stoics in the age of Oprah Winfrey.

But if it was humiliating enough being

Per mi

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STATE OF THE STATE OF

Francisco ...

sauled onto television and forced to mote publicly against her very nature. as Queen Elizabeth was during what Britons now call "Diana Week," worse was to come.

A series of focus groups commissioned for the royals last fall by the polling company Mori revealed what many Britons could have told them for nothing: they were a complete disasterwhen it comes to public relations.

But why should the royal family care that a hnuch of people in a hunch of conference rooms thought that, according to newspaper accounts of Mori's confidential report, they were "wasteful," known for their "conspicuous con-

sumption" and "extravagant lifestyle?" And why should they care, in the words of the royal reporter Anthony Holden, that they were thought to be "arrogant, aloof, and spoiled — and there were too many of them?"

The answer is that, however slowly, however creakily, and however reluc-tantly, the monarchy thinks that it is time to change, or, at the very least, to be perceived

as changing. "The royals seem to have caught the contagion that has spread out of America to all of our politicians, that success depends upon image management," Mi-chael Kelly wrote in The Scotsman.

Such a view contributed, of course, to the queen's recent decision to support changing the laws of royal succession so that first-born daughters, as well as firstbom sons, could inherit the throne. And such a view contributed to her decision, in a break with hundreds of years of royal tradition, to order that the Union Jack fly above Buckingham Palace.

spokesman for Buckingham Palace, and in-laws; to the ceremonial, rescind- her very own mega-publicist -- at

whose laconic explanation hardly did ing family members' right to sit in the justice to the full impact of Diana's House of Lords — which they seem "The new professional media guru Floral Revolution, in which the British tabloids fulminated against the queen for

owning perhaps the only public building als no longer need to curry or bow. in Britain in which a flag was not flying at half-staff after Diana's death. The new flag policy and the new suc-

The queen has reportedly decided to hire a professional media guru to advise her on 'the line to take' on important stories.

> in a series of changes, according to veteran royal-watchers and to carefully controlled leaks trickling from the palace. A number of senior royals, known — 10 the press, at least — as the Way Forward Group, have been meeting from time to time to discuss further changes to protocol, tradition, and behavior.

These range from the titular, stripping most satellite family members of the title "The catalyst for that change was the death of the Princess of Wales," said a rently enjoyed even by distant cousins that the queen has decided to hire the queen has decided to

never to do, anyway - to the practical, decreeing that people who meet the roy-

Other suggestions include turning Kensington Palace, currently the rent-free home of a number of royals, into a

museum to house the royal art collection, and cutting back on the pomp and ceremony surrounding the annual state opening of Parliament.

Such changes are being treated as potentially seismic shifts in royal behavior, even cession policy may well be only the first though Buckingham Palace tends to play

> 'As in any other organization, all sorts of meetings take place from time to time," said a palace spokesman. "The flying of the Union flag at the palace came out of that kind of meeting. So did the decision to organize focus

> groups, the spokesman added, saying that the palace had always tried to keep up with the times.

The new professional media guru will have the title of director of communications," reported The Sunday Times of London. "He or she will be expected to develop a communications strategy, commission opinion research. and insure that important members of the royal household know 'the line to take'

on hig news stories. The palace spokesman sbuddered at the very idea of an American-style public relations campaign, but she did not deny that there were plans to hire someone.

"There certainly won't be a spin docshe said. Will the potential changes make any

difference? Critics of royal behavior, like Mr.

Holden, say they will not. "The monarchy is using its traditional tactics of flying kites to see how the public reacts," he said. "But the things that have been mentioned are incredibly superficial window-dressing, not in any

way a reform of the monarchy.' Other Britons, supported by such tradition-minded newspapers as The Daily Telegraph, say that they prefer the status quo, thank you very much.

CANCER: U.S. Cases Decline

Continued from Page 1

have the highest cancer rates of any

In the same period, cases of breast cancer increased for black women. And cases of lung cancer, while dropping sharply among men, rose among women wbo were white, Asian and Pacific Is-

"The gaps between what we know and what we do are greater for racial and

Minorities, he added, are "less likely

The incidence of cancer in the United

The rate of all new cancers combined

That drop is in contrast to a steady climb from 1973 to 1990, when incidence increased an average of 1.2 percent annually. The sbarpest drop occurred after 1992, when new cases of cancer appeared to have peaked. That year, cancer was diagnosed in 426 of every 100,000 Americans: by 1995, the figure had dropped to 392.

Preliminary data from 1996 indicate that the recent downward trend is conbassador, Zhou Wenzhong. They noted tinuing. But men benefited more from the recent declines than did women. And Corp., which was negotiating with Iran, among Asian and Pacific Islander wom-

> According to the cancer society, cancer accounts for one of every 4 deaths in this country; an estimated 564,800 Americans are expected to die of cancer this year. In the United States, men have a risk of 1 in 2 for developing cancer in their lifetime; for women, it is 1 in 3.

> National Cancer Institute, said that 8.5 million Americans were living with a history of cancer, but that not all were

group in the nation, mainly because of a sbarp rise in cases of prostate cancer.

ciety in New York.

en, death rates are up.

considered cured.

ethnic minorities," said Dr. Marks,

to be screened, less likely to have cancer detected early and less likely to get the best therapy.

States has been rising since the 1930s, although the government has been keeping detailed annual statistics only since

dropped an average of 0.7 percent a year from 1990 to 1995, according to the report, which was jointly released by the disease control centers in Atlanta, the National Cancer Institute in Bethesda, Maryland, and the American Cancer So-

Death rates, meanwhile, declined 0.5 percent a year from 1990 to 1995; from 1973 to 1990, death rates increased 0.4

At the same time, there are more can-

cer survivors than ever before.

Dr. Richard Klausner, director of the



ARMENIANS TO VOTE - A resident of Yerevan, capital of Armenian, reading a leaflet Friday for the presidential election Monday. Control of Nagorno-Karabakh, an ethnic-Armenian enclave within Azerbaijan, is one of the major issues in the election.

past patterns by responding swiftly senior Iranian official in Isfahan and ficials. Robert Einhorn and Gary Samore, summoned the acting Chinese am-

which sought initially to prevent public to the U.S. protest and halting the deal. Some skeptics of Chinese bona fides.

including several Republican members of Congress briefed in closed hearings Thursday and last month, said the episode suggested a Chinese effort to feign compliance with arms control agreements while proceeding covertly with nuclear assistance to Iran.

The U.S.-China nuclear energy agreement was the centerpiece of the Ocinber summit meeting and of the Clinton administration's strategic overture to the world's most populous nation. To proceed with it Mr. Clinton certified to Congress, in a report and classified appeodix dated Jan. 12, that China "is not assisting and will not assist any nonnuclear-weapon state, either directly or

mid-level Chinese counterparts in Beijing. Initiated by Iran, the negotiations involved millions of dollars worth of anhydrous bydrogen fluoride, enough to provide what one official called "a lifelong supply" for a planned facility to pany.
convert uranium to the highly enriched lni form required for nuclear weapons.

Especially disturbing to some American analysts, the talks included references to a cover story and to falsified 'end user' documents to conceal the it is restricted by many industrial counfact that the purchaser would be one of Iran's leading nuclear institutes.

After weeks of internal debate, the Clintoo administration decided to confront Beijing. In early February, the national security adviser, Samuel Berger, sured Washington that the chemical sale sent a formal letter, known as a dé-

North Korea Is Said

To Mobilize for War

The Associated Press

side world of plotting against it, North Korea said Friday that it had

began a "wartime mobilization" to defend itself against a military

wartime mobilization state," said a

North Korean government state-ment distributed to foreign diplo-

mats and aid workers in the capital,

Pyongyang. North Koreans scurried into underground air-raid shelters as sirens wailed Friday across Pyong-

The North: Korean announcemeot, which South Korea imme-

diately played down, came as the

rival Koreas, ingether with the

United States and China, prepared

for the resumption Monday of four-

way talks intended to bring peace to the Korean Peninsula. The North

said that the talks "might be a

smoke screen aimed at attacking

Continued from Page 1

prisoners was that they had to be over 70.

so Mr. Woo's age-could be counted as

either 69 hy Western standards or 70 hy

Young, 68, who also refused to renounce

communism but is suffering from leuk-

emia, staggered into the arms of his 91-

year-old mother as be walked out of

prison in Taejon, 125 kilometers south

"My mother took care of me for 31

Another political prisoner, Shin In

Koreans add a year to the age at birth,

and that Mr. Woo "is still 70."

Korean custom.

KOREA: Kim Grants Amnesty to Millions

years while I was in prison." said Mr. who preceded Kim Dae Jung as pres-Shin, who served for three years in the ident.

yang, a Western diplomat said.

The whole nation goes into a

buildup by South Korea.

BEIJING - Accusing the out-

that China Nuclear Energy Industry is the state-run nuclear power com-

Initially, Chinese authorities replied that anhydrous hydrogen fluoride ap-pears on neither of two lists of controlled nuclear substances maintained by international arms control authorities, though tries because it is a chemical weapons precursor to the nerve agent Sarin.

But within two weeks, according to senior administration officials, highwould not proceed.

JAPAN: Asia's Economic Engine Sputters

Continued from Page I

flation, and it's something we bave not seen in a long time." "No major ecooomy has suffered this kind of thing — where you have all three factors dropping at the same time — since the mid-30s," Mr. Jones added.

Jeffrey omist with

Japan's quickening economic woes come as bankruptcies and unemployment are rising in countries such as Indonesia, South Korea and Thailand. These countries are fighting the threat of social un-

Japan's economy is as big as that of the United Kingdom, France, Italy and Canada combined, and if it were growing, it could absorb more exports from the other ailing economies in Asia. Instead, Japan's economy has been contracting amid tight fiscal policies and an insistence on protecting uncompetitive industries. and Tokyo has failed in respond quickly to the regional slowdown.

rest and severe recession.

If Japan's economy worsens, it could send the yen much lower. Some analysts are already predicting the dollar could hit 140 yen in a few months. The dollar finished at 128.90 yen Friday in Tokyo.

North Korean Army during the Korean

War and was arrested as a spy in 1967

when he entered the South after the war.

minister and a former cahinet secretary,

all involved in bribery cases, were

nesty to two lawmakers and two bank

presidents convicted in a bribery scandal

last year involving the Hanbo group, a

Hyun Chul, son of Kim Young Sam,

The amnesty also did not include Kim

The government did not grant am-

for the rest of my life."

chaebol, or conglomerate.

pardoned.

Now I want to take care of my mother

Several lawmakers, a former defense

Economists and U.S. officials worry that a weaker yen would put additional competitive pressure on China to devalue the yuan, which could, in turn, force another round of attacks on other Asian

Jeffrey Young, a Tokyo-hased econ-omist with Salomon Smith Barney, said be thought Japan was not yet in a deflationary phase, because consumer prices had oot fallen, although "the risk does exist that Japan could slip into a deflationary spiral. SRIC, a research organization asso-

ciated with Sanwa Bank, said an inflation index is had developed predicts that consumer prices will begin to drop around the autumn. "Judging from the falling prices, we are about to enter a deflationary phase," said Yuji Shimanaka, chief economist at SRIC. "It could be one of the worst deflationary phases

in the postwar period.'
Yasuhiko Ushikubo, a senior economist at the Industrial Bank of Japan, said the risk of a dangerous deflationary spiral was far greater now than during the recession of 1995, because, unlike three years ago, corporate profits are no

longer growing.

Among other things, that means an important engine of the economy - capital investments - may also disappear. Major Japanese husinesses have said they plan to cut their capital spending in the fiscal year beginning April 1, according to a survey by the Nihon Keizai Shimbun, Japan's leading business paper.

"There are two kinds of deflation—benign and malign," Mr. Jones of Lehman said. "The benign kind is where falling prices are the result of some kind of productivity improvement, such as new computer technology. You are probably getting that in the U.S. But the malign one is where prices are down due to a lack of demand in the economy. And that's very much what Japan has right now."

Government officials say the econchanges announced last month, and a issues after April 1.

Indian President **Opens Wide Talks**

BRIEFLY

NEW DELHI — President K.R. Narayanan of India opened talks with major political groups Friday in an attempt to put together a stable government after Hindu nationalist claims were weakened by a recal-

Mr. Narayanan separately men leaders of the Congress (I) Party and the 15-party United Front as India waited in end weeks of political

The Hindu nationalist Bharatiya Janata Party and its allies, which won the largest number of seats in Parliament's lower house, were struggling to hold together their coalition after a key southern ally set tough conditions for its support.

A Bharatiya Janata Party spokesman, Venkaiah Naidu, said that none of the party's rivals could provide a stable government and hinted at another election as the only option to break the stalemate.

'We are the largest bloc in Parliament today and we are short of a majority, and if we are oot able to provide a stable government, then no one else will be able to provide a stable government," Mr. Naidu

Nuclear Waste Ship Unloads in Japan

TOKYO - A northern governor permitted a ship carrying 30 tons of nuclear waste to unload its cargo Friday, ending a four-day standoff after the prime minister promised to find another site to dump such

Governor Morio Kimura allowed the Pacific Swan, completing a twomonth journey from France, to dock after Prime Minister Ryutaro Hashimoto offered assurances that the waste would be moved from the seaside village of Rokkasho. Mr. Kimura first allowed the ship

to enter port so its 26 crew members could rest and escape rough seas. After meeting with Mr. Hashimoto in Tokyo on Friday, Mr. Kimura gave the go-ahead for the British-flagged ship to unload its cargo. "I am very satisfied," Mr. Kimura said after meeting Mr.

Hashimoto, wbo promised to work

closely with the local government in Students Delaying

Indonesian Protest SURABAYA, Indonesia - Students called off demonstrations in Surabaya on Friday after four were injured in a clasb with the police the day before, but vowed to resume

their protests next week. Thousands of students in major weeks against President Suharto. who was re-elected for a seventh

five-year term on Tuesday. The military issued a strong warning in Jakarta on Thursday, telling students not to let their demonstrations get out of band.

Police in Yogyakarta said, meanwhile, that they were talking to of-ficials at Gajah Mada University to find students responsible for burning Mr. Suharto in effigy. (Reuters)

Protest in Auckland Over Power Cuts

AUCKLAND, New Zealand Business owners and downtown apartment dwellers enraged by a three-week power crisis led a protest march Friday to demand that the board of the city's electric company resign.

Powered by generators parked throughout the 120 blocks affected by the electricity shortage, the central city this week has been getting about half the power it usually re-

But the exodus of office workers to the suburbs or other cities with reliable power bas pushed down energy demand, and there have been only brief blackouts since Mon-

1.2 million people live in the downtown blocks affected by the power

Only about 5,000 of Auckland's

banking bailout. But many still acknowledge growing problems.
"Business sentiment at companies is

worsening, and personal consumption remains stagnant," a Koji Tanami, a deputy finance minister, said this past week. think the economy is now at a standstill and the situation is getting more severe."

Senior officials of the governing Liberal Democratic Party said last weekend that they were working on a \$77.5 billion public-works and tax-cut package, but analysts said that the proposals being floated appeared to be insufficient. U.S. officials, meanwhile, have been pushing for higger tax cuts.

Many American analysts are advocating massive deregulation and restructuring, but the Asahi Shimbun reported Friday that the government was heading in the other direction. To force the Nikkei Stock Average above 18,000 on March 31, when the fiscal year ends, the government plans to inject more than \$10 hillion into the stock market, according to the newspaper report. The effort is an attempt to improve the financial reports of ailing companies that own a lot of stock. While the Nikkei surged 3 percent, to 17,060.14 on Friday, omy could be spurred by an expected tax analysts said investors were jumping on cut in February, some deregulatory for the ride up and would probably dump

luch Exaggeratif South Africa CAPE TOWN — The Trum and Friday conciliation Commission said Friday that it had asked the high court here to overturn blanket amnesties granted to Thabo Mbeki and 36

Amnesties in

Panel Opposes

overturn blanket amnesnes granted to peputy President Thabo Mbeki and 36 high-ranking members of the governing African National Congress. African National Congress.

The commission wants to reconsider the measures granted by its amnesty committee last year, Deputy Chairman

Alex Boraine said at a news conference.

The move by the panel, which is inviolations restigating human-rights violations during the apartheid era. acomes a day after the opposition National Party started its own court action against the blanket amnesties, saying they were granted without full disclos-ire of the acts involved.

The amnesties drew intense fire from other political parties, which claimed the amnesty committee was biased.

The committee, which is independent from the rest of the Truth Commission, can grant amnesty for rights abuses on all sides provided full disclosure is made and applicants prove a political motive. - . The panel had decided in January to ask the high court "to ascertain whether

or not the decision made by the amnesty = comminee conformed with our governing act." Archbishop Desmond Tutu, chairman _ = = : = of the commission, said in a statement Friday that it had delayed its court application as it had been negotiating with

the African National Congress for consent Tirm rather than on 37 individuals. Archbishop Tutu said in court papers And Friday the amnesties could be invalid by virtue of at least four irregular-

For which amnesty had been granted had The commission hoped the National Party would withdraw its application to - 14 have the amnesties declared invalid now Mihat the panel had filed its own ap-

##huch weaker terms than the relief they

Thre apparently seeking from the court.

Polication, Mr. Boraine said.

But the National Party said in a statewithdraw its application as 'the langer exists' that the commission as ar any moment settle the matter on

marche, to Liu Huaqiu, the Foreign Minindirectly, in acquiring nuclear explo-Continued from Page 1 istry's representative on the ruling State sive devices or the material and com-Council and Mr. Berger's counterpart. Spokesmen for the administration, ponents for such devices." That month, according to sources, the To drive bome the message, the State disclosure of the affair, later portrayed it National Security Agency intercepted at Department and National Security as a success story because China broke least two communications between a Council's top counterproliferation of percent each year.

SUSPICIOUS OBJECTS - An Israeli demolitions expert examining a bagel stand Friday after a bomb

injured four Palestinians in Jerusalem. Later, seven Palestinians were wounded by soldiers in Hebron.

CHINA: U.S. Confronts Beijing on Aid to Iran's Nuclear Program

An Accidental Tourist: Picasso's Italy Sojourn

By Roderick Conway Morris International Herald Tribune

ENICE — It was the Ballets Russes not the Italian Old Masters that finally brought Picasso to the peninsula in 1917, persuaded by his friend Jean Cocteau to come to Rome to design the set and costumes for a new production, "Parade." Once there, Picasso showed little inclination to search out the great Italian painters of the past - whose works, however, he was already familiar with from the Prado and the Louvre — and though be went on to Naples and Florence, he never even set foot in

So Palazzo Grassi on the Grand Canal might seem, at first glance, an odd venue for "Picasso 1917-1924," devoted to the artist's visit to Italy and its consequences. It is curated by Jean Clair, director of the Musee Picasso in Paris and continues until June 28

In fact, Clair said, the choice of location was dictated partly by the practical consideration of where on earth to bang Picasso's buge drop curtain

The experience influenced his subsequent work in ways not necessarily obvious.

for "Parade," which has not been shown for 30 years and has just been restored. The lofty, light-filled, temperature-controlled atrium of the Palazzo

has proved an ideal and dramatic solution.

But the idea of bringing Picasso "back to Italy" works on another level. For despite the artist's disinclination to eogage directly with celebrated Italian works, or admit any debt to them, his sojourn here influenced his subsequeot work in ways not oecessarily obvious.

This comprehensive survey of those few years, embracing nearly 300 works from 44 collections, has been made possible by the inclusion of pieces oo display for the first time, and of many that will not be exhibited again for a loog time, in view of their delicate state of conservation, Clair said.

The Ballets Russes's 15-minute "Parade" was scripted by Cocteau with music by Erik Satie and choreography by Leonide Massine, and expectations were high for what has been dubbed "the first Cubist ballet": "Will Pablo Picasso be able to been found in Picasso's sketcbbook.) convert the Holy Father to Cubism?" one art paper

By Tim Pears, 542 pages.

THIS novel, its author's second, is nothing if not

ambitious. It begins in 1952

characters is large, and so is

its reach; the story of the Free-

man family clearly is inten-

itself in that 40-year period.

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Jonathan Yardley

Reviewed by

IN A LAND OF PLENTY one that embraces everything

from London — but its east of academic circles, but readers

ded to be the story of England aminations of human society

from the fall of Labour and

the unspoiled countryside to

the rise of the Rolling Stones

this is a modern tale in a tra-

ditional setting. "In a Land of Plenty" is, at heart, an old-

fashioned Victorian triple-

retain a deep and uoderstand-

able fondness for it because

large, populous, energetic ex-

tap our longing to see

ourselves in the pages of lit-

novel to satisfy readers in search of such pleasures.

Pears writes with understand-

ing about relations between

men and women. The mar-

riage of the elder Freemans.

though it ends sadly, is un-

There is a good deal in this

with the marriage of Charles decker, right down to the a succession of alliances each Each is touched in one way or

Freeman to Mary Wyndham where-are-they-now? wrap- of which, in its fashion, seems another by the 1960s, both the

and ends four decades later. up in its concluding pages, entirely right. One reason for tumultuous decade itself and

Its setting is small - an an- Such fiction long ago went this, perhaps, is that Pears the reaction against it that

narrative

As presented by Tim Pears,

and Thatcberism.

asked on Picasso's departure for Rome.

His curtain came as a surprise to his collaborators, and necessitated changes in the production. Not least because in this enormous painting the artist unexpectedly returned to the more conveoconally figurative circus and harlequin themes that had occupied him more than a decade before - although the costumes of the stage characters of the Horse, and the French and American Managers were decidedly Cuhist.

The juxtapositioo of these two styles marks a decisive point in Picasso's development, in that it constitutes a public declaration of his refusal to be confined to any particular style or

trend at any particular moment.

The establishing of this principle is illustrated by the "Parade" curtain and costumes and also in a sequence of "Roman" works on the subject of "The Italian Woman": variously realized in precise traditional drawings, a pointillist watercolor and a Cubist

The artist's avoidance of Italy's galleries Picasso's "Portrait of Olga in an Armchair." and museums (although it is still a matter of debate exactly what be did or did not see) and his tendency to sbut himself away in his studio in Via Margutta, did not render him immune to

Rome's other, more folkloric, charms. As the show demonstrates amusingly, however, his boldly delineated monochrome drawings of picturesquely dressed country women at the Spanisb Steps were not taken from life but based on laridly tinted picture postcards that he bought and kept in his sketcbbook.

The 1917 stay in Rome also led to Picasso's discovery of a new muse, the Ballets Russes dancer Olga Koklova, whom be married in Paris the following year, and with wbom he had his first son, in

Picasso's trip to Naples was especially fruitful. He reveled in the explicit eroticism and mysteryiden atmosphere of Pompeii, and in the imagery of Neapolitan street life and popular theater. All this provided a wealth of material for the subsequent allets "Pulcinella" and "Mercure" (whose smaller curtains figure in the show).

And, as coovincingly argued by Werner Spies in the catalogue, the trip inflnenced the overall composition of the "Parade" curtain, which was based oo a tavern scene by the little-known 19th-century painter Achille Vianelli in the city's San Martino museum. (A photograph of the painting has also

The full flowering of Picasso's encounter with

BOOKS

up-and-coming young Indian

empathetically about women.

or so it seems to this male

The Freemans are the most

family in their town, at least

for most of the period this

Charles inherits a family-

owned factory that be coo-

verts from wartime to peace-

time manufacture with en-

ergy and skill.
Of his four children, only

Simon has any real interest in

encompasses.



Italy and his renewed contact with his Mediterranean roots did not occur until the early 1920s, in his extraordinary neoclassical sculptural and mooumental figures. These potent images of man-hood, motherbood and fertility seem inspired by the experience of the birth of his soo and a determination to master and re-interpret ancient Greek and Roman statuary, an enterprise that gave rise to a whole series of works, culminating in "The Pipes of Pan" of 1923, set in a timeless, sunlit Mediterranean world, at once inescapably solid and corporeal, and vibrant with spiritual forces.

Picasso did not go to Italy again until 1949, for a Peace Congress in the capital. On this occasion be is reported to have said not only that he had never seen the Vatican Museums or the Sistine Chapel, but that he did oot remember ever having been in Rome before. On seeing Michelangelo's Last Judgment, he admired the artist's use of "blue and brown," but said he was only moderately impressed by Raphael's frescoes

What this lucidly presented exhibition unfolds, bowever, is that Picasso's reluctant and accidental first excursion to Italy had a profound impact on him. At the same time the show highlights the paradox of Picasso's dual ambition to both beat them and join them; to match, challenge and supersede his predecessors, and to carve out for himself an enduring place among them in the pantheoo of classic Western art.

ages to take hold. He is a nice

Pears's labors, an interesting

He isn't exactly passive,

but he has a touch of the

phlegmatic. When the narrat-

ive veers away from him for

page after page, as it often does, one feels little regret at

his absence and little pleasure

the four children are precisely

that. Writing about children is

almost as hard as writing

about music, and is rarely

done well. The challenge is to

write in an adult voice yet to

see the world as a child sees it.

Pears, alas, has written in a

voice that is somewhere be-

tween adult and childish. He

doesn't exactly do habytalk.

but there's a self-conscious

coziness about the prose in

much of the book that, to my

Washington Post Service

taste at least, is cloying.

MARCH 1998

One final objection. Much

at his reappearance.

likely yet believable, as so go off, as the children of the book together, he never man-

photographer, Alice a school-

Though Charles, Harry and

a few other malefactors are

presented sympathetically.

their deeds are not. A fair

Thatcher takes place, and of

John Major too, though he is

not mentioned by name. The

Freemans' hippie cousin.

Zoe, is clearly one of Pears's

favorites, as is anyone else

who runs against the conven-

tional grain, James Freeman

Though James is meant to

most particularly.

many real marriages are; the rich are wont to do, in their

same goes for the marriage of own somewhat eccentric di-

their daughter, Alice, to the rections. James becomes a

immigrant Harry Singh. teacher before immersing Their son James, who is herself in marriage, and

meant to be at the novel's Robert finds bis way into center (though be isn't always various enterprises of vari-

to be found there), enters into ously dangerous natures.

prominent and prosperous amount of haranguing of

the business, while the others be the center that holds the

5 Artists in the Storm Turbulent Nordic Lights in Paris

By Michael Gibson International Herald Tribune

ARIS - Devoted to five major Nordic artists of the turn of the century, "Lamiere du Monde, Lumiere du Ciel" is perhaps the most impressive, poignant and rewarding exhibition in Paris this

Edvard Munch (1863-1944) and August Strind-berg (1849-1912) are world famous of course; the Finnish painter Akseli Gallen-Kallela (1865-1931) has enjoyed some exposure in recent years as a Symbolist and as the illustrator of the Kalevala; but both Carl Fredrik Hill (a Swede) and Helene Schjerfbeck (a Finn) are a revelation. The exhibition is at the Musee d'Art Moderne de la Ville de Paris until May 17.

So, too, is the later work of Munch, for those who assumed that it was per-haps not quite as good and true as the earlier work. In fact, a powerful continuity of intention exists be-tween, say. The Sick tween, say, "The Sick Child" of 1896 (Munch's

older sister, Sophie, who died of tuberculosis when be was 14) and such later works as "The Murderer" (1910) or "The Starry Night" (1923).

Munch was saddled with a painful burden - a personal neurosis compounded by the folk-puritanism that was part of the Nordic culture of his day. His obsession with women as fearful powers of sedoctioo and destruction appears comprehensible in this perspective. It also happened to coincide with one of the dominant themes of Symbolist art in France and Germany when he visited those countries. In 1908, the artist went through a devastating psychological crisis that was the turning point of his life. After that, he renounced the company of women, became a recluse and devoted his considerable energies to painting alone.

Munch's entire work is a powerful expression of personal resolution and individual solitude in a meaningless world — a world whose threatening vacuity appears coiled like a snake in the tormented skies of "The Cry," but which is also apparent in the eerie green mask of "The Murderer" and which returns, in a cosmic and ultimately serene form, in "The Starry Night."

While Munch contended with his ramhunctious neurosis, Carl Fredrik Hill (1849-1911) was carried off by schizophrenia at the age of 30. His Swedish painter friends in Paris, disturbed by his behavior and even stranger paintings, contrived to have him consigned to a mental hospital and destroyed all but one of the weird paintings, which they feared would harm their friend's reputation.

Hill was later released to the care of his family. He was oot allowed to paint but produced a vast body of drawings - many of which the family burned because they deemed them pornographic. The surviving drawings, undated, 60 of which are on view here, strike one as surprisingly contem-

Hill had overweening ambitions when he came to Paris in his 20s, and one may be tempted to interpret some of his drawings in the light of his tragic history. They almost all depict scenes of oature: torrents, tremendous waterfalls, hlighted trees under a porary Nordic artists.

gray sky. One sequence of three drawings shows an impressive tree standing between two cliffs, then cracked in the middle, finally uprooted and thrown into the sea. A metaphor, one suspects, of his own life.

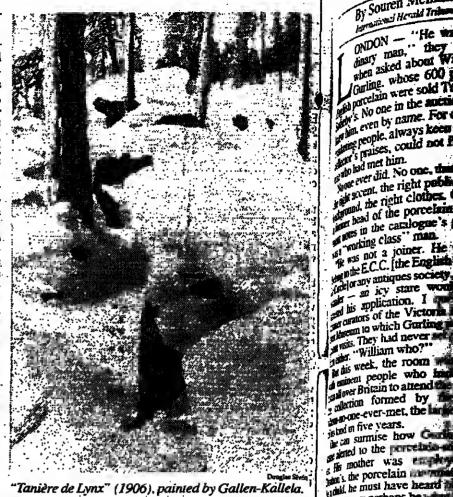
Others depict huge fires burning in great caves of ice, and ooe strangely conceptual drawing suggests a landscape with slanting rain falling on it: except that the long streaks of rain turn out to be the four letters of Hill's

name repeated over and over. Helene Schjerfbeck (1862-1946) was set aside for a special existence after she fell and broke her hip at the age of 4. An early self-portrait oo view here was painted in 1912 when she was 50. Forty self-portraits later, in her mid-80s, her last, drawn in pencil, is an irrole hieroglyph of age. Schjerfbeck's unblinking record of the articling action of time testifies movingly to eroding action of time testifies movingly to ooe woman's triumphant dignity and wit.

KSELI Gallen-Kallela is represented here by 30 admirable paintings of nature, executed both in Finland and in Africa (mainly) Kenya), where he stayed in 1909-1910. To: those who have seen only his stylized and somewhat pompous scenes from the Kalevala, these works are a wonder. His vivid | simula and open was rendering of sunlight on the snow, clouds over water or of the plains and hills of Africa are full of inimitable freshness and a saing the political show a perception of nature that goes far small realist. Pu he beyond the merely visual.

August Strindberg devoted a good deal of Guo. (Avantenergy to painting when he was in his 40s, dist in the '80s to describe and the works shown here, done from 1892 to 1901, are exclusively devoted to the more tempestuous moods of the sea. Painted with a palette knife, they show considerable originality for the period, even though a spectator today can never quite forget that these are indeed a writer's paintings.

This splendid exhibition is the core of a larger presentation entitled "Visions did Nord," which includes works by the abwhich includes works by the abstract painter Per Kirkeby and "Nuit Blanche," an exhibit of young contem-



"Tanière de Lynx" (1906), painted by Gallen-Kallela.

Porce

shen asked about Wa

Guing. whose 600 p.

porcelain were sold Th

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20 KV Stare WORLD

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his application. I

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m to which Gurling

They had never

William who?"

this week, the room

wer Britain to attend

mother was

the porcelain

ly involved.

for card index in which h

and all the pieces be

dag to go by. Gurling and statemberween 1953

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powers: perhaps he was a second of the certainly

reopic always keen and

By Sherry Buchanan

must art gallery in Sale its a postwar history = wer culture and the disapproved of. Not to expect from the den awah a small local art z Helbling, a Swiss dealer leathis many of Strain a deled against the Sant arment victory in 1949.) the gallery has not and Helbling has not been en pamings off the walls ing says his interest in Quese culture dates ak was an exchange

dea is not to export

bur West, "he says. "T

Cinese artists where

was difficult to do in

A&W

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At 7:30 p.m. Very fine suite of FURNITURE and OBIETS D'ART, mainly from the 18th century - StLVER-PORCELAIN-CURIOS, from a great collector and others, **Etude TAJAN**, 37, rue des Mathurins, 75008 PARIS, Tel.: 33 (0) 1 53 30 30 30 - fax: 33 (0) 1 53 30 30 31. Web: http://www.tajan.com - Email: tajan@worldnet.fr. Tuesday, March 24, 1998

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A Porcelain Extravaganza, From the Man Without a Face

By Souren Melikian mal Herald Tribune

ONDON — "He was an or-dinary man," they all said when asked about William A. Gurling, whose 600 pieces of English porcelain were sold Tuesday at Sotheby's. No one in the auction house knew him, even by name. For once, the marketing people, always keen to sing a collector's praises, could not find anyone who had met him.

No one ever did. No one, that is, with the right accent, the right public school background, the right clothes. Gurling, a former head of the porcelain department ootes in the catalogue's preface, was a "working class" man.

'He was not a joiner. He did not belong to the E.C.C. [the English Ceramic Circle] or any antiques society." Little wonder - an icy stare would have greeted his application. I questioned former curators of the Victoria and Albert Museum to which Gurling paid frequent visits. They had never set eyes on him either. "William who?"

But this week, the room was filled with eminent people who had come from all over Britain to attend the sale of the collection formed by the man whom-no-one-ever-met, the largest sale of its kind in five years.

One can surmise bow Gurling became alerted to the porcelain-maker's art. His mother was employed at Doulton's, the porcelain manufacturer. As a child, he must have heard tales of artistic prowess; perhaps he went to see his mother at work. He certainly became passionately involved,

If the card index in which he kept a record of all the pieces he bought is anything to go by, Gurling acquired most of them between 1953 and 1968 on Portobello Road, from a very few shops

in Loodon and a few more in the Home Counties. Those were simple days when you could walk into a shop, inquire about a price and leave with the object wrapped up if you had the cash ready. No invoice was requested by the buyer, no question asked from him — both would have seemed indiscreet.

Gurling was guided solely by his inspiration, and yet, somehow, he was imbaed with the spirit of the time. Where someone attracted to 18th-century porcelain would sharpen the focus today, concentrating, perhaps, on one or two factories, or on a given type of vessel, Gurling took an encyclopedic approach. He wanted every type he could find from every manufacturer he knew.

Running through the slim catalogue - cleverly devised with hundreds of small illustrations by Christina Donaldson of the porcelain department - one can follow the avatars of the English cream jug from its Worcester incarnation circa 1770 (sold for £460, about \$765). to its Liverpool version from the Chaf-fers factory (£333.50) and to quite a few more. A bewildering range of patterns is illustrated, from the exquisite sprays painted on a pair of tea bowls and saucers produced by the Caughley manufacture, around 1785 (£322), to the half-roseties borrowed from Japan by Worcester designers around 1770 (£276).

DISTINCT taste emerges from his many choices. The collector loved the English interpretation of the Meissen floral taste. His Bristol, Worcester, Chelsea plates, saucers or jngs offered a charming sampling of it, with greater freedom and a more marked slant toward naturalism that characterized the English versus the German production. Charming pieces, if not rare ones, were to be seen in this line Tuesday.



A Worcester plate of the Gurling collection sold for £322 at Sotheby's.

A Chelsea saucer dish painted around 1755 went for £139, and a ravishing Worcester cream jug, "probably decorated outside the factory, possibly by James Giles," cost £322. For an "or-dinary man," Gurling had patrician inclinations. He stayed away from anything excessive or showy. Among his many pieces decorated with Chinamen,

some had a lighthearted touch of fun; none were grotesque. When going after black transfer-printed pieces - decorated after prints by using the so-called transfer technique - be left out any of those that might be seen as outrageous.

"It was a collection remarkably bereft of rarities," the connoisseur dealer Simoo Spero unflatteringly observed

after the sale. But nothing could have been further removed from the collector's concerns.

Gurling sought elegance, not academic curiosity. It was probably for the sake of the daintiness of the flower spray in the Chinese taste painted across the gadroons of a Worcester coffee cup around 1754 or 1755 that Gurling acquired it. This one, as it happens, was rare. Its match is preserved in a famous U.S. collection published by Spero and John Sandon in "Worcester Porcelain 1751-1790, the Zorensky Collection." On Tuesday, fans ran Gurling's cup up to £1,450.

Another rarity must bave appealed to the collector for the subtlety of its brown tones, used instead of the black common in transfer-printed patterns. The Worcester coffee cup, decorated with a scene called "Fortune Teller No. 2" after Robert Hancock, climbed to £1,150 - only one other piece is

Could Gurling have bought those few rarities without knowing it? Hardly. With his experience, he would have been aware of their unusual appearance. Important discoveries have been made lately concerning the history of English porcelain. Some are represented as if he had sensed something. He bought a sauceboat that looked like — and was catalogued as — a Lowestoft piece made around 1780. Bot it is not.

The porcelain fragments, or ("sherds,") excavated in the last two years on the site of a factory at Isleworth in Middlesex have that same tone of blne, that quality of glaze, even such details of shape as the thumb rest on the handle that rises and curls back. After taking a closer look at pieces previously described as Derby or Lowestoft, conooisseurs now assign them to Isleworth. A groundbreaking show of Isleworth wares, the first ever, put together by Roderick Jellicoe and Anton Gabszewicz at 114 Kensington Church Street, can be seen until March 28. The Gurling collection included a sance boat that falls within this group. Identified by several connoisseur-dealers who drew Sotheby's attention to its true origin, the sauceboat sold as Isleworth porcelain (a first in anction annals), doubled ex-pectations at £1,322.

NOTHER startling discovery was made a couple of years ago. What passed for the early production of Longton Hall in Staffordshire was made hundreds of miles further oorth at West Pans in Scotland. William Littler, who owned Longton Hall, set up the manufacture around 1764 and kept it going for 13 years. Gurling somehow found a blue and white sauceboat from West Pans. Damaged, it still made £241.50.

Spero, who just opened in his gallery 109 Kensington Church Street a loan exhibition of early English porcelain from 1745 to 1753, on view until March 21, does not hold the Gurling Collection in high esteem. He finds it banal. Bot three decades ago, the rarity syndrome was oot as acute as it is oow. Gurling was not trying to impress anyone. He just wanted to live with his pieces, acquired oo a small budget and researched passionately once he stopped buying the reference library he built op was remarkable for his time.

He died last year at \$2, the last of a generation of modest people who discovered art in total isolation and gazed at it in silent delight. It was a remarkable form of geooinely popular culture, and one that cannot be revived. The inflation triggered by speculators has put art collecting beyond the reach of the Gurlings

Selling the Chinese Avant-Garde

By Sherry Buchanan

HANGHAI — Running a private art gallery in Shanghai is an unusual occupation. China has a postwar history of state control over culture and audacious artists are disapproved of. Not knowing what to expect from the censors and faced with a small local art market, introduction of Deng Xiaoping's economic reforms in 1979, a tiny private art eye to the future, nevertheless decided to take a gamble and open one of the first still make it difficult for avant garde private art spaces in Shanghai.

and "cynical realist" Pu Jie, the abstract contemporary Western artists. artist Ding Yi and the abstract expressionist Tang Guo. (Avant-garde was first the Shanghai Museum, says: "Contemused here in the '80s to describe artists porary Chinese art is not included in our who rebelled against the Social Realism communist victory in 1949.) In the past responsibility. It is not our business."
The museum bas shown Western condown and Helbling has not been asked to take a responsibility. It is not our business." take any paintings off the walls.

Helbling says his interest in contem- Chinese artists living in China. porary Chinese culture dates to 1985

58 Reporter under

Cowboy, al

17th-century

69 Actor Will

75 Near-miss

77 "Mr. Clemens

76 Spitchcock

of view, it is better to export."

After the communist victory of 1949, Mao Zedoog setup a Soviet-style system that totally controlled the art market. The government took over the academies. closed them down during the Cultural Revolotion and sent dissenting artists to labor camps

After Mao's death in 1976 and the artists to hold exhibitions. The nation still He exhibits many of Shanghai's avant- has no museum that shows contemporary garde, including the political pop artist. Chinese art, although there are shows of

collection. It is under a different govtaught in government academies since the ernment department and is a different who live or have lived abroad, but not

"In China, culture is always conwhen he was an exchange student at sidered a political instrument, a part of Fudan University.

'My idea is not to export Chinese artists to the West," he says. "I want to a political decisioo to give a space to the show Chinese artists where they live. I private art market. At the moment, they knew it was difficult to do in China. If might think it is good for the country:

you look at it just from a business point let's support these artists. But when they look around and say, 'We need some victims,' they could crack down on the same people.

Politics aside, in the 20 years since the end of the Cultural Revolution and the emergence of the small private art market, most people did oot have the money to buy art.

Though Helbling sells mainly to Western curators and gallery owners who come to Shanghai looking for oew talent, some of his clients are now young Chinese collectors. He hopes that more patrons will emerge from the new rich in Shanghai, who have Wang Qingzheng, deputy director of the cash to spend on Cadillacs and Louis Vuitton handbags, to match the collect-

ors already in Hong Kong and Taiwan. "I think a business town is good for artists," he says. "There is a kind of freedom, an openness to the world. People are busy making money and art is not the first thing they buy. But art will come after the clothes, the car and the house."

Despite the obstacles, Helbling is optimistic about the future. Chinese auctioo houses are now selling contemporary works, the first sign that a local art market is developing.

Sherry Buchanan is a journalist who frequently travels in Asia.

Mª MARC-ARTHUR KOHN PARIS - FRANCE

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EXHIBITION: at the office, by appointment - at Drouot Montalgnet Saturday 21* March 1998 from 11.00 am to 9.00 pm - Sunday 22* March 1998 from 11.00 am to 9.00 pm - Monday 23* March 1998 from 11.00 am to 3.00 pm - Tuesday 24* March 1998 from 11.00 am to 4.00 pm.

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Exceptional screen painted in oil on panels by Koloman Moser, signed - Works from the Bigot workshop of the 1900 Paris Universal Exhibition, including Paul Jouve's "Animal Frieze". - Cosmules by Ringel d'Ilizach, Buthaud, Chapter, Gallé and Deck - Glassware and enamelwork from Argy-Rousseau, Colotte, Daum, Gallé, Ren'e Lakque, P.L. Mergier, Schneider and Sika - Scalptines by Paul Landowski - Important deconstine incorporate and for a Scalptines by Paul Landowski - Important deconstine incorporate and for a Scalptines by Paul Landowski - Important deconstine incorporate incorp

TUESDAY 24" MARCH 1998 - 8.30 pm



MODERN, CONTEMPORARY PAINTINGS, SCULPTURES Expert: Marc Ottavi Tel.: 00 33 1 42 46 41 91 INDEX OF PAINTERS AND SCILLPTORS

Louis ANQUETIN, ARMAN, Boleslas BIEGAS, François BOISROND, YVes BRAYER, Louis CANE, CESAR, Robert COMBAS, Bernard DUFOUR, Jean DUFY, Michel KIKOINE, Pinchus KREMEGNE, Albert LEBOURG, Luden LEVY-DHURMER, André LHOTE, Bengt LINDSTRÖM, Adolphe MONTICELLI, Edouard PICNON, Odflor REDON, Nicola ROSSINI, Daniel SPOERRI, Alfred SISLEY, Franck STELLA

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INFORMATION AND CATALOGUES FROM M. MARC-ARTHUR KOHN - Tel: 00 33 1 42 46 46 08

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By Floyd Norris

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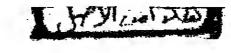
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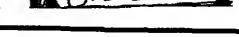
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BUSINESS/FINANCE

Herald Eribune

SATURDAY-SUNDAY, MARCH 14-15, 1998

Greece Seeks ERM Entry Athens Wants to Prepare for the Euro

ATHENS - Greece has asked to add its currency, the drachma, to the Euro-pean Union's exchange-rate mechanism as a precursor to Greece joining European economic and monetary unzion as early as 2001, the government announced Friday.

Greek and EU officials opened talks about the exchange rate at which the drachma would enter the ERM. Once in, currencies must stay within 15 percent of their designated value against the European currency unit, forerunner of the planned single EU currency, the euro.

Finance Minister and National Economy Minister Yannos Papantoniou will announce the EU's decisioo in Athens on Sunday, a spokesman said. He said the Monetary Committee of the European Union will begin meeting Saturday morning in Brussels.

A European Commissioo spokesman declined to comment on whether the Monetary Committee was meeting this weekend. The committee is composed of officials of the finance ministries and central banks of the 15 EU members.

Countries joining the euro have to be in the ERM within "normal" fluctuation hands for two years prior to adopting the single currency, under the rules agreed in the Maastricht treaty which set the guidelines for monetary union

Membership in the exchange-rate mechanism means that countries often

have to adjust their fiscal policies on auch matters as debt and interest rates in order to keep their currencies within the trading hands. Britain, which entered the mechanism in 1990, was forced out of the system two years later when spec-ulators pushed down the value of the

The drachma slumped 2.8 percent to 322.00 drachma against the European currency unit from 313.06 when the market opened, even as the central bank spent \$400 million to buy drachmas, said a Greek central bank official who declined to be named.

The decline in the drachma came after figures released Thursday showed Greece's current-account deficit widened by a more-than-expected 6.6 percent in January through November 1997 from the aame period the year before, after an increase in fuel imports widened the trade deficit.

A widening current account deficit has fanned speculation the currency might be devalued, and analysts said the move to add the currency to the ERM gives it scope to decline by as much as 15 percent.

"Certainly the ERM central rate will be lower than the drachma's spot rate of 24 hours ago, but don't forget it will still be able to move 15 percent away from this," said Alison Cottrell, an economist at PaineWebber International. (Bloomberg, Reuters)



Prime Minister Chuan Leekpai of Thailand, left, posing with George Soros at a reception before Mr. Chuan delivered a speech in New York.

Group Led by Soros Invests in Thai Firm

By Thomas Crampton International Herald Tribune

BANGKOK - George Soros and an American consortium agreed Friday to make the higgest single investment in Thailand since the country's currency plunged in July, touching off Asia's financial crisis.

The investors will pump \$650 million into Nakornthai Strip Mill, a debt-laden steel company that has a plant scheduled to start operation later this month.

Completion of the long-negotiated deal came as Prime Minister Chuan Leekpai toured the United States to appeal for support for his country's trou-hled economy.

On Friday, Mr. Chuan received a gesture of financial assistance when, following a meeting with President Bill Clinton at the White House, it was announced that the Thai government would be released from a contract agreement to purchase \$392 millioo worth of U.S.-made jet fighters.

Undersecretary of State Stuart Eizen-stat said the United States would buy the jets for use by the Marine Corps, saving Thailand about \$250 million.

[The U.S. Export-Import Bank will tend fresh trade financing credits to Thailand, the U.S. Treasury secretary, Robert Rubin, said Friday, Bloomberg News reported from Washington.

Our Export-Import Bank will make available additional resources to facilitate trade finance in Thailand," Mr. Ruhin said after a meeting with Mr. Chuan. Details of the plan were oot immediately available.]

Mr. Clinton praised Mr. Chuan for working hard to ease Thailand's financial crisis, saying his efforts should serve as a model for the rest of the region. Mr. Chnan said Thailand was prepared to 'do whatever we can to overcome our

crisis," Reuters reported. "I hope the worst is over," Mr. Clintoo said, "hut I think that every leader is going to bave to do what this prime minister has dooe, which is to follow a rigorous path that will build confidence in the investment community."

Also during Mr. Chuan's visit, Mr. Soros praised Thailand for undertaking

necessary reforms for its economy.

Bolstered by good news from Washington, the Soros deal and figures released Friday showing Thailand's sixth consecutive monthly trade surplus, Bangkok stocks rose 3 percent and the baht hit a three-month high of 42.10 baht per dollar.

Analysts warned, however, that Mr. Soros' deal would not likely be the start of a new wave of investment into Thailand and the current exuberance would soon be shattered by one of the many

perils menacing the Thai economy.

Under the Nakomthai financing deal, the consortium of investors, including the Soros-linked MCL Co., Steel Dynamics, the industrial financing specialists Mc-Donald and Company Securities Inc. and Enron Corp., will take stakes in the hotrolled steel producer, officials said.

About \$270 million of the funds will be used to help finish construction of the company a plant just outside Bangkok. Two German steel-trading companies, Preussag Handel GmhH and Kloeckner Steel Trading, have contracted to purchase a large portion of the plant's out-

put for eight years.

Even if the Nakornthai deal triggers a surge of foreign investment, fresh mooey put into old companies has less of an economic knock-on effect than the type of investment Thailand experienced over the last decade's boom.

"When money comes in now you are really just changing company owners," said Sriyan Pietersz, a strategist at Soc-Gen Crosby Securities. "You are sav-ing jobs instead of generating new employment and there is little flow from the foreign direct investment into the construction and property sectors.

Analysts said that external shocks that could soon send stocks and the currency tumbling include social unrest or setbacks to IMF-sanctioned reforms in Indonesia or South Korea, a competitive devaluation of the Chinese yuan and further difficulties within Japan's

See BAHT, Page 13

Icahn Makes Offer for Pan Am, but Bankruptcy Judge Hesitates

MIAMI — The financier Carl Icahn, who once owned Trans World Airlines, soffered Friday to acquire the recoostituted Pan American World Airways, which ceased operations and filed for bankrupicy two weeks ago.

However, the U.S. Bankruptcy Court judge overseeing Pan Am's Chapter 11 bankruptcy, who would have to approve any deal, expressed "grave" doubts about Mr. Icahn's proposal.

"I doo't see this deal as being what we need bere," Judge A. Jay Cristol said at the end of a court hearing during

which lawyers for Pan Am and Mr. Icahn described the deal.

Mr. Icahn, who won a reputation as a corporate raider in the 1980s, agreed to acquire the assets of Pan American World Airways for \$43 million, a lawyer for Pan Am said earlier.

Judge Cristol thanked Mr. Icahn for giving the court "an appraisal of Pan Am assets" — about \$8 million — but urged Pan Am to continue talks over the weekend with Mr. Icahn and other potential investors before another bank-

ruptcy court hearing Monday.
The U.S. bankruptcy trustee involved

in Pan Am's Chapter 11 filing referred assets, a \$25 million cash infusion to to the Icahn proposal as "cherry picking," and Judge Cristol agreed.

David Banmiller, Pan Am's chief executive, conceded to the court that he did not know if the proposal was the best thing for the company.

"At this point, it was the only deal that was presented that was reasonably satisfactory to the company," he said after the hearing. "There is an opportunity for others to jump into the bidding

Mr. Icahn's proposal included an \$8 million cash payment for the company's

restart the airline and a \$10 million assumption of liabilities to tickethold-

Pan Am Corp. — which has two subsidiaries, Pan American World Airways and Pan American Airways Corp. - filed for Chapter 11 bankruptcy protection on Feb. 26. The airline ended its scheduled flights oo Feb. 27 and laid off 1,250 workers, although it has had some charter flight business since.

At the time of the filing, Pan Am claimed assets of \$50 million and liabilities of \$147 millioo.

A Merger of Nasdaq and AMEX Could Save Brokers Money by Uniting Systems

By Floyd Norris
New York Times Service

NEW YORK - The possible takeover of the American Stock Exchange by the parent of the Nasdaq stock market reflects both the tide of power of big Wall Street brokerage houses to force changes that will save them money. And it follows stock market reforms that bave diminished the power of insiders at both markets.

If the combination goes through, and it is not certain that it will, it could create a stronger competitor for the New York Stock Exchange, which will remain the leading U.S. market for stocks. The Big Board has proposed relaxing a rule that has made it almost impossible for companies to move from the exchange to other markets, and this move could make the National Association of Securities Dealers, Nasdaq's pareot, better able to compete for such listings.

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But the immediate impact would be far more important for brokerage bouses than for their customers. The bouses that sell stocks to investors, both to large. institutions and to individual customers, are likely to save money hy consolidating systems.

At best, it would leave two strong. highly competent markets vying for company listings and competing to hold down costs and get better execution of trades for investors. For Wall Street firms, which have

been irritated by the costs of running the

American Stock Exchange and worried about the costs of opdating its systems. there is hope for savinga as some computerization projects have shared costs.
For the NASD, a takeover of the AMEX would give it a presence in the growing market for exchange-traded derivative securities, like stock options. Nasdaq has previously tried and failed to get into that market. The AMEX would get a source of capital to improve its systems, as well as savings from joint

projects with Nasdaq.

But while the deal is important to Wall Street, it is less important to most investors, at least in the oear future. The AMEX and the Nasdag market would

with technological improvements appearing only slowly. And the two markets would continue to compete for company listings, although presumably not with the enmity that was sometimes present in the past.

Talks between the AMEX and the NASD began almost a year ago, shortly continue to operate much as they have, after Frank Zarb became the chairman

and chief executive of the NASD. But it was only in the last four months that they heated up, and it was this week that AMEX board members began to be told of the talks in advance of the meeting Thursday of the AMEX board.

John Tognino, president of the Securities Traders Association, which represents about 8,000 individuals in the securities business, said the NASD occided both a dealer market, which is attractive to a lot of newer smaller companies, and an auction market, which is attractive to larger, more mature companies and which is more familiar to foreign companies.

"The U.S. marketplace oceds both and has to strengthen both to compete

globally," he said.
The AMEX has long been a laggard in the trading of stocks, but has done well in stock options and has been a leader in developing new derivative se-curities that can trade on exchanges.

Some AMEX members said Thursday that they expected a merger to generate more equity listings and to in-crease trading volume. Whether or not more listings materialize, that attitude is just what AMEX officials need to sell the merger to its more than 800 members. "I see my business expanding," said Howard Lasher, president of the Lasher Group, a group of floor brokers who execute trades. "The people who survive here will do well."

While options trading has proved very profitable for AMEX members leading to record prices for the price of a seat, or the right to trade, on the AMEX - it has not done as much for the exchange itself.

Most of its revenues have come from fees paid hy vendors of stock quotations like Reuters PLC and Bloomberg LP for access to real-time stock prices, and the exchange has felt a need for capital to modernize its computers.

The plan, according to people briefed on the discussions, is for the NASD to control the AMEX, but to cootinne to operate it and Nasdaq as two separate markets, with different lists of stocks available for trading and, to some extent, competing with each other, as well as with the Big Board, to list companies.

Nasdaq would remain largely a dealer market, in which many dealers make markets in stocks and there is no central trading area. The AMEX would remain an anction market, in which trading in each listed stock is concentrated in one place, with a specialist oo duty to buy or sell stocks if occded to facilitate transactions. But there would be cross-fertilization between the two systems. whether or oot they eventually combine. In the meantime, it is expected that Nasdag and the AMEX would retain their separate listing standards.

See MERGER, Page 13

Leading Issues on the Exchanges

BY MARKET CAPITA	LIZATION	BY TRADING VOLUME	_
At Thursday's close	Billions	Total shares traded in 1997 Amex	Billions
Amex ··	\$32,680	Viacom	0.223
BAT inds. ADRs	******	TWA	0.223
Viacom	17.087	*****	J
Imperial Oil	6.816	Harken Energy	0.215
Edper Brascan	5.674	Echo Bay Mines	0.189
Hasbro	4.930	JTS Corporation	0.177
Nasdaq		Nasdeq*	
Microsoft	\$199.351	Cisco Systems	5.387
Intel	124.950	Ascend Communications	3.892
Cisco Systems	65.407	Intel	3.888
Dell Computer	41.131	Dell Computer	3.719
Ericsson ADRs	41.025	Tele-Communications	2.456
NYSE	4	NYSE	
General Electric	\$258.515	Compaq Computer	1.232
Coca-Cola	177.012	Philip Morris	1.108
Exxon	157.510	AT&T	1.053
Merck:	154.650	Micron Technologies	1.003
Pfizer	111.462	Pepsi	0.880
Sources: The exchanges, Bloomberg Financial Mark	ets	*Unlike other exchanges, effectively counts most trad	
		72	e New York

CURRENCY & INTEREST RATES

March 13 Libld-Libor Rates Yea C3 Pessis 1.065" 1.06 1.355" 0.259 36.8 24.335" 1.025" 1.291 1.179" 214.170 2.253 25.35 128.771" 114.26 Swies Frenc No.-1 1-1/1 14-176 14-176 Storting 7A - 7Vs 74 - 7Vs 74 - 7Vs 74 - 7Vs 205/3 1.0 37.65 62775 1.675 2036 1.676 1.676 1-month 574 - 544 374 - 375 3-month 574 - 546 374 - 376 6-month 574 - 576 374 - 374 1-year 576 - 576 374 - 476 11.8 **Key Money Rates** United States 5.00 51/2 5.56 5.30 5.07 5.07 5.07 5.31 5.46 5.51 5.42 5.56 5.86 not is. To buy one dollar: "Units of IGS N.Q.: not quotest N.A.: not available. Yeld 5.08 5.32 5.47 5.52 5.63 5.58 5.58 France Other Dollar Values 3.30 340 374 374 374 4.92 Per S 8.557 1.72 7.595 39.72 3.46 186.87 6.084 3.75 4,9745 1516,00 7,9859 32,41 42,95 235530 1,3,6715 520,50 0.50 0.44 0.78 0.70 0.68 1.81 0.50 0.42 0.78 0.70 0.68 1.79 AM P.M. Ch'94 Forward Rates Zorjch London Hew York 294.85 295.25 +1.10 295.15 294.55 +0.70 295.10 295.90 +0.80 295.15 295.10 125.67 4.50 3.41 3.48 3.52 3.60 4.86 127.21 1.4741 1.6631 1.4069 1.8237 1.6606 1.4058 1.8204 1.6558 1.4049 1.8173 U.S. dollars per cunce. Ratings Zurich and New and closing prices New (April.)

MEDIA MARKETS

They're Playing Our Song (as a Tie-In)

By Richard Covington Special to the Herold Tribune

ANNES - As this year's World Cup soccer champi-ocship cranks up its formidable promotional machine, market here. one song will be inescapable.

a series of music tie-ins aimed at fans in the stands. From the Spice Girls and Pepsi to No

Doubt and Dr. Martens shoes, musical groups are signing on to promote everything from deodorants and cameras to cars, jeans and soft drinks. The deals between performers and

the products they pitch account for some \$700 million of the total \$50 hillioo global music husiness, according to industry sources.

"It's been a huge bonanza for the record labels," said David Murrell, media partner at the London office of KPMG, an independent consulting firm that analyzes trends in the music and media industries.

Companies aiming to spruce up their image and revive flagging sales are turning increasingly to performers.

When Carlsberg breweries decided to try to attract more women and customers in the 18-25 age group, they threw a starstudded concert last summer in Wembley Stadium in London, featuring k.d. laing, the hip-hop singer Mary J. Blige and the pop-jazz singer Seal.

"Carlsberg had gotten stuck in a rut sponsoring only sports events and wanted to make the brand hipper so they decided to switch to music," Alan Broach, director of Tribute Management Ltd., the British company that organized the concert. It has been carried on television stations in 40 couc-

Despite the growing global profu-

in Europe than in the United States, according to Xavier Roy, president of Air Wair Ltd., the the Reed Midem Organization, which Martens footwear. recently staged an international music

"Un, dos, tres," by a Sony pop singer, Ricky Martin, is only the first of and opera singers with pitches for pasta," he said.

Even if Europe, apart from Britain, lags somewhat behind the rest of the world in artist-product sponsorships, there is no question that the brands are getting their money's worth, according to Mr. Murrell.

After the Spice Girls' summer promotion, Pepsi's soft drink sales reached their highest share ever in Britain; from 14 percent to nearly 20 percent, said Robert Dodds, managing di-rector of Music Innovations, Ltd., the British company that matched the soft

drink company with the performers. The ad campaign also lent a healthy boost to the group's profile while they had no new releases in the record stores, allowing the Spice Girls to ride a \$25-million Pepsi marketing blitz, Mr. Dodds said.

Where performers and potential partners, both in quest of quick profits, once eyed one another with mutual suspicion, now both sides are trying to concentrate on longer-term business relationships, according to the pro-

"Ten years ago, the musicians' at-titude was, How much can we get the brands to pay and how little do we have to give away, so a lot of bad fits emerged," Mr. Dodds said. "That sort of dismal integration between artist and brand is largely a thing of the past."

Still, not all deals run smoothly when rock and roll meets the bottom line. "Artists don't show up, they take

sion of artists selling their support to drugs, get arrested, dream up all sorts products, the practice is less common of unpleasant surprises," said Karl Nielson, communication manager for Air Wair Ltd., the manufacturer of Dr.

Despite Mr. Nielson's warnings, the company sponsors nearly 500 bands 'For some reason, we're not yet at and has given away more than 300,000 branded compilation compact disks to promote shoe sales. Occasionally, indignant fans feel be-

trayed by sponsor tie-ins. According to Ahmet Ertegun, co-founder of Atlantic Records and producer of the Rolling Stones, Phil Collins and the current top-selling singer Jewel, pitching products can undermine a musician's integrity.
'If the artist sees himself as some

sort of revolutionary and the next thing you know he's selling soda pop and candy, theo he's bound to lose some of his anti-establishment appeal," Mr. Ertegun said.

Groups like U2 and REM, in fact, define themselves in part hy loudly criticizing this hrand of commercial exploitation

Yet for every famous rock star who can afford to criticize the lucrative promotional bandwagon, dozens of obscure groups leap at the chance to roll into the limelight on the back of a wellrespected sponsor's fame and image, Adventurous, virtually unknown bands like Bedlam Zoo and Stiltskin, for instance, saw their artistic stock rocket up after they appeared in television spots for Levi's. In return, the jeans manufacturer found itself on the notoriously fickle cutting edge.

"When you're trying to get your message through to teens and young adults who are low consumers of media and highly skeptical, this sort of partnership with upcoming talent helps cut through all the competitive clutter," Mr. Dodds said.

Very briefly:

familiar with the company said.

• Rite Aid Corp. asked the Federal Trade Commission to allow it to keep a store in Maine it has not been able to sell so it can end a three-year dispute with federal regulators that recently resulted in a \$900,000 fine. The drugstore chain was required to sell the store as a condition for approval of its \$50 million acquisition of LaVerdiere Enterprises Inc. in 1994.

• Reed Elsevier said it was interested in buying the medical and legal publishing businesses of Times Mirror Co. in a bid to expand after abandoning its takeover of Wolters Kluwer NV. • Alltel Corp. is in talks to buy 360 Communications Co. for more than \$40 a share, or about \$4.87 billing in stock, to expand its wireless-phone business in the southeastern United States, people familiar with the negatiations said.

 Barnes & Noble Inc.'s fourth-quarter net profit fell 5.9 percent, to 58.3 million, as strong sales during the holiday season were offset by a charge of \$11.5 million.

 Canada's onemployment rate fell to 8.6 percent in February, improving from a jubless rate of 8.9 percent in January fullnwing a devastating ice-storm, Statistics Canada said. • US West Inc. plans to borrow more than \$8 billian from a consortium of banks led by J.P. Morgan & Co. as it prepares

to split its telephone and cable television businesses, people

Hilton in Talks to Buy Circus Circus yen came from Japanese investors selling dollars to shore up their yen

BEVERLY HILLS, California — Hilton Hotels Corp. said Friday it was in talks to buy Circus Circus Enterprises Inc. and might split its hotel and casino businesses, creating the dominant U.S. casino operator.

Hilton said it would separate hotels and casinos in a tax-free spin-off. The casinos would then combine with Circus Circus through a stock swap. The deal has not been approved by the economic scompanies' boards. Hilton shares closed at \$34.8125, up \$1.8125.

Gircus Circus shares closed at \$25.375, up 18.75 cents.

Dollar Slips As Rumors Hit Drachma

NEW YORK - The dollar slid against other major currencies Friday as traders reacted to a variety of rumors from financial and political circles, traders said.

The dollar was quoted at 4 P.M. at 1.8178 Deutsche marks, down from 1.8281 DM on Thursday. It was at 128.130 yen, down from 129.235 yen. The dollar also fetched 1.4755 Swiss francs, down from 1.4858 francs, and 6.0965 French francs, down from 6.1280 francs. The pound rose to \$1.6715 from \$1.6587

The dollar's decline against the Deutsche mark came against the backdrop of rumors of a devaluation of the Greek drachma. Traders

FOREIGN EXCHANGE

said the Greek central bank then sold the U.S. currency for marks in an effort to defend the drachma.

Greece has asked its European Union partners to allow the drachma into the European exchange-rate mechanism in preparation for Greece's participation in the European single currency.

A central bank ufficial said

Greece's monetary policy from now on would be designed to ensure the credibility of the drachma's exchange rate and ensure that Greece will be able to join the curo in the second round in 2001, the official

The dollar also slid after the White House said President Bill Clinton did not plan to respond to allegations of sexual harassment made in a television interview to be broadcast Sunday.

Traders rushed to sell dollars on concern that the unanswered accusations by Kathleen Willey, a former White House employee, could undermine the president's authority and shake investor confidence in the United States, said Robert Fullem, head of currency sales at National Westminster

The dollar's decline against the positions ahead of the end of the fiscal year March 31, traders said. The dollar was also hurt by a

decline in U.S. bonds, which fell after Federal Reserve Bank of New York President William Mc-Donough warned that strong U.S. economic growth could fael a rise (AFP, Reuters, Bloomberg)

Lockheed Merger Snags: Not News, U.S. Says

By Tim Smart Washington Post Service

WASHINGTON - Executives of Lockheed Martin Corp. and Northrop Grumman Corp. were warned in recent months that their proposed \$12 billion merger raised serious antitrust concerns with federal regulators and therefore should not have been surprised that the deal was in trouble, according to two senior government officials.

The comments, made in a briefing by the officials on the condition that they not be identified, were partly an attempt to refute criticism on Wall Street and in the defense industry that the government was changing its policy toward defense mergers after \$55 billion of such deals in the last few years. The officials also said they would demand

divest some nr all nf their radar and nther

electronic warfare systems manufacturing units

The officials said they had concluded that the day. deal might require the sale of all of Northrop are. Grumman's electronics businesses — assets worth \$4 billion and a divestiture that would be mitted to submitting a proposal to the Dethe largest in history - although even that might not be enough to win approval.
"This was not either a change in our policy or

direction," one official said. Added the other. "This process was straight by the books. This, in our opinion, should not have come as a surprise.

The companies shocked the defense industry and Wall Street on Monday by issuing a statement saying that the Justice Department was 'fundamentally opposed' to the deal while the that Lockbeed Martin and Northrop Grumman all but complete. Northrop's stock fell more big, and too dominant, to be adequately su-

as a condition of approval for their planned clear nature of their concerns," Lockheed Martin's spokesman, Charles Manor; said Thurs-'And we're still learning what they

Mr. Manor said Lockheed Martin "is com-

partment of Justice to address all its concerns."

The company has said it will do so by April 8.:

The briefing by government officials de-tailed the scope and breadth of the antitrust concerns, which include whether a combined Lockheed Martin-Northrop Grumman would have monopoly positions in radar, electronic countermeasures and anti-submarine warfare and whether it would be too dominant in the manufacture of aircraft.

The officials indicated that they were worcompanies had been signaling that the deal was . ried that the combined company would be too pervised by the Pentagon.

Stocks Slide on Mixed Signals for Earnings

NEW YORK - Stocks were mixed Friday as technology shares received some positive profit news from Oracle, but an unexpectedly weak earnings report from Kim-berly-Clark dragged down the broader market.

The Dow Innes industrial average closed down 57.04 points at 8,602.52. Advancing issues nutnumbered declining ones by an 8-to-7 ratin on the New York Stock Ex-

U.S. STOCKS

The Standard & Poor's 500-stock index finished down 1.31 points at 1,068.61. It has clused at record highs in each of the past three ses-

The day's slippage came despite news that wholesale prices fell for the fourth straight month in February, in line with expectations, suggesting that inflation remains tame. The Labor Department said the

producer price index fell 0.1 percent. The core rate, excluding the volatile food and energy components, rose 0.1 percent. Economists had expected it to be unchanged.

Unemployment, however, is at a 24-year low, forcing businesses in some industries to offer higher wages to attract qualified workers. The possibility of wage inflation

the benchmark 30-year Treasury bond rising to 5.88 percent from 5.86 percent Thursday.



NEW WAY TO TRADE - A Chicago Board Options Exchange trader, left, showing a hand-held trading terminal to Victor Sakharov, center, president of the Moscow Stock Exchange, and Dmitri Vasiliev, chairman of the Russian Securities Market, who were visiting the Chicago exchange.

first-quarter earnings to miss esti- from their August high, the commates because of lower-than-expected sales in Europe.

The technology-heavy Nasdaq composite index closed up 7.60 points at 1,771.66. The index, which had been battered by profit warnings for the last two weeks, showed the hurt bond prices, with the yield an resilience of technology stocks and the investors who buy them, analysts said.

Oracle is a case in point. After Kimberly-Clark's shares fell 11 two disappointing prior quarters that the pipeline that certain companies

percent after it said it expected its have sent its shares down 30 percent pany said late Thursday that profit in its third financial quarter rose 12 percent, beating expectations, as

sales of its mainstay database soft-

ware picked op. Oracle shares were

higher late Friday. The report signaled that computer-related shares could overcome periodic profit disappointments, investors said.

There was a lot of inventory in

needed to work off," said Suzanne Coleman, a money manager at David L. Babson & Co. in Cambridge, Massachusetts, which manages \$12 billion in assets.. "It can be done." Intel, Compaq Computer and Motorola were up after declining last week on warnings of disap-

pointing profits. Ford Motor shares rose after the automaker announced details of its spin-off of Associates First Capital Corp., a consumer-finance com-

pany.
Ford said stockholders would re-ceive 0.262085 shares of Associates for each Class B of common Ford

share they own. Ford is spinning off its 80.7 percent stake in Associates First to Ford shareholders April 7, a total distribution worth about \$25 billion.

Ford shares were again given a rating of "outperform" by a Morgan Stanley, Dean Witter, Discover & Co. analyst, Stephen Girsky, who said Ford employees will most likely use the cash to buy Ford stock,

epresenting a large stock buyback. Shares of Lubrizol, a specialtychemicals company, fell after disclosing that earnings for the first quarter could be 15 percent lawer than year-earlier earnings because of economic uncertainties in the Asia-Pacific region.

Clear Channel Communications, an nwner of radio and TV stations, tose after Universal Outdoor Holdings said it received tentative U.S. antimust approval for its proposed purchase by Clear Channel for \$2.1 billion. (Bloomberg, AP)

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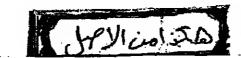
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ws, U.S. Says Lonrho Unveils 3-Way Gold-Mining Deal

kept investors on friday most a year, on Friday most a year, on Friday mounced it had sealed a tortuous three-way share and asset swap with South Africa's Anglo-American Corp. and the mining house ICI Ltd.

The complex deal would create a tell black-led gold mining company, to black-led gold mining company, to and the dashing them regularly. Continual sniping at the current management from Roland (Tiny) and and, the man who built Longho conditions.

Continual suppose management from Roland (Tiny) management from Roland (Tiny) for a 21 percent stake in Louision into the colonial giant of the 1970s and was ousted in a bitter boardroom.

Tavistock coal division to Lourho

now managing to conclude deals which they said they would, "a leading London mining industry analysi said. "It was imperative they did this before losing all credibility."

On the London Stock Exchange, Lonrho shares gained £2.26 to close at £100. Analysts said the agreement and prices paid were broadly in line with expectations and investors had been led to expect that a deal was in

the offing.

JCI would give Anglo-American
its HJ Joel gold mine and 157 million

late trading Friday, Metromail stock was up \$5.875, at \$31.75.

The deal for Metromail comes as

GUS is awaiting the outcome of its

other two weeks to accept the £1.6

Metromail will mesh well with

with Williams de Broe in London.

Metromail is a database and direct

marketing firm with business in the

United States and Britain. It special-

izes in reaching targeted audiences

with a proprietary database contain-

ing information on 95 percent of U.S.

households. Its shares rose 48 percent

acquisition and merger offers.

billion (\$2.65 billion) offer.

"I think some of those people who bave burned their fingers badly will say we want out of it," Mark

company.

vironment

fight, did little to soothe investors.

The simple fact is that they are disposal of its chrome interests, O'Flaherty & Co., said after the which it estimates could raise at briefing. Some long-suffering JCI share-

least 800 million rand. JCI's remaining prime bullion in-terest. Western Areas, which was holders have seen the value of their investment halved since paying 54.50 rand per share when a consortium led earmarked to go to Anglo under an earlier swap plan, will, along with by Brett Kebble and Mzi Khumalo Randfontein Estates, become the took over ICI from Anglo last year. core of a new hlack-led gold mining Mr. Khumalo, a former black freedom fighter who became a high-

Analysts said the prices of the deal looked reasonable and preprofile entrepreneur in the new South Africa, surrendered his executive chairman position in December after a dispute over a dicted shareholders would take the cash rather than gamble on the new JCI in the current dismal gold enminerals deal.

Mr. Khumalo later quit as chairman when the board voted in January to break up the 106-year-old mining company.



UNITED FACES - Oliviero Toscani, Benetton's photographer, inaugurating an ad campaign Friday in Rome linked to the 50th anniversary of the UN human rights declaration.

High Low Oose Prev.

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for Earning Great Universal Makes Bid For U.S. Direct Marketer Bloomberg News LONDON — Great Universal Stores PLC, Britain's largest catalog retailer, agreed Friday to buy the direct marketer Metromail Olimpia II.S. direct marketer Metromail The store of the

log retailer, agreed Friday to out use outstanding shares, GUS said. The outstanding shares, GUS said. The boards of both companies have approved the transaction, it said. In proved the transaction, it said. In Corp. for \$831 mulion in case and assumed debt to expand its consumer information services.

Carmakers Play Alphabet Game

Section of the sectio FRANKFURT - Mer-A CONTROL OF THE PARTY OF THE P cedes-Benz AG and Volvo AB have asked a German court to decide which carmaker has the right to use the letters "V" and "S" in individual model num-bers, a spokesman for Mercedes said Friday.

The spokesman said that was no legal conflict over the mat-

ter.

"This is not a conflict," he said. "We only want the court to clarify the situation."

Mercedes uses a "V" to designate a class of vans and an "S" for its top-of-the line mod-

Volvo uses an "S" to designate its standard model sedan and a "V" for its five-door hatchback models.

hostile offer for Argos PLC, another British retailer, in a bid to create one of Britain's largest borne-shopping companies. GUS said this week it would give Argos shareholders an-

GUS, analysts said. GUS is "looking to build up that sector of the business and this is a good way to do it," said Alexia Walker, an analyst OPEC Delays Key Production Meeting

LONDON — The Organization of Petroleum Exporting Countries decided Friday to postpone a meeting on oil-market conditions, signaling that they needed more time to heal a dispute over production that has

last month after it said it received brought oil prices to nine-year lows. The OPEC secretary-general, Ril-GUS shares fell 11.5 pence, to wanu Lukman, said that the meeting 773.5. The stock was likely driven of the Market Monitoring Commitdown because investors are "untee, scheduled next week, had been settled" by the two concurrent bids, postponed until March 30.

The committee was due to review

has squeezed oil revenues.

members' production levels and global market conditions following an \$8-a-barrel slide in oil prices since October, to \$13.02 for Brent crude in late trading Friday. But properly prepared your case," a delegate said.

inate a worldwide glut of crude that

The committee has no mandate to set production quotas. That is done by ministerial gatherings of the 11-

Paris

BA Considers Joint Offer For Eurostar

LONDON - British Airways PLC said Friday that it was in talks with National Express PLC, a British bus and train operator, about a joint hid to run the Eurostar highspeed rail service linking London with Paris and Brussels.

Iain Burns, a BA spokesman, said the companies might jointly approach the British government to take over the unprofitable service through the Channel Tunnel from London & Continental Railways, a

consortium that is near bankruptcy.

A joint bid would help Europe's largest airline stem its losses against Eurostar, which has taken more than half of the market for passengers between the three cities. A hid would again pit BA against a longtime rival. Virgin Group Ltd., which owns Virgin Atlantic Airways and is already bidding for Eurostar.

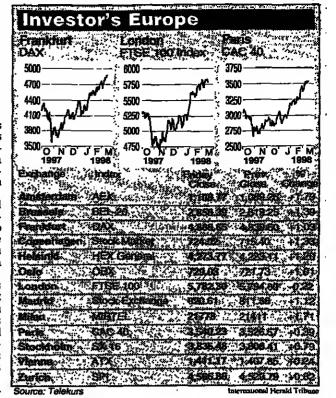
Virgin already has a stake in London & Continental and has taken steps to link its airline service with the Eurostar. In 1996, Virgin began allowing members of its frequentflyer program to claim travel on Eurostar as well. But press reports have said Virgin, led by the Britisb entrepreneur Richard Branson, disagreed with others in the group over the marketing of Eurostar and never won as much control over the service as it would have liked.

A Virgin spokesman, Will Whiteborn, said the company would put in a bid to run the service next week after the government asked both Virgin and National Express to put in separate business plans by March 31 for running Eurostar.

London & Continental won a 999-year franchise to run Eurostar in 1996, when it also won the bidding to build and operate a highspeed rail link between London and the Channel Tunnel. The high-speed link is scheduled to begin in 2003.

The project was thrown into doubt in January, when the British deputy prime minister, John Prescott, turned down London & Continental's request for an additional £1.2 billion (\$1.99 billion) in public money to build the link. The group 'you can't meet when you haven't said it would fold without the additional money.

The service is losing about £180 million a year and carried 6 million passengers last year, sbort of London & Continental's forecast of 10 (Bloomberg, Reuters)



Very briefly:

• Russis's central bank ont the key refinancing rate to 30 percent annually from 36 percent, effective Monday, it said. The bank also reduced Lombard rates for maturities of three to 30 days to 30 percent from 36 percent, also starting Monday. The bank gave no reason for the cut in rates.

• Kvaernér ASA shares rose as much as 7.4 percent on a newspaper report the Anglo-Norwegian construction and shipbuilding company received a \$500 million offer for its Cunard cruise line from Donaldson Lufkin & Jenrette Inc.

 Airbus Industrie has decided not to award Israel Aircraft Industries an \$80 million contract for parts after Israel opted to purchase five aircraft from Boeing Co., the Ha'aretz newspaper said.

 Motorola Inc. and France Telecom SA are in the final stage of talks with Egyptian Mobile Telephone Services Co. to take control of Egypt's only cellular phone network in a transaction costing as much as 2.2 billion Egyptian pounds (\$640 million), sources said.

• Heineken NV reported a 16 percent rise in 1997 net profit to 761 million guilders (\$369.4 million). Heineken also announced that it would dilute its shares with a bonus issue and • Compagnie Generale des Eaux said that a merger between

French digital satellite television service TPS and Generale's CanalSatellite unit will not happen because it is being blocked hy TPS shareholders, Le Monde newspaper said,

· Electrolux AB, Europe's largest household-appliance maker, appointed Rune Andersson as chairman, succeeding Anders Scharp, who will leave the board along with Claes Dahlbaeck and Lennart Ribohn. British gross domestic product grew at a revised rate of 0.6.

percent in the fourth quarter of 1997 from the third, giving an annual rise of 2.9 percent, the Office for National Statistics Reuters, Bloomberg

Credit Lyonnais Securities said.

Friday, March 13 Prices in local currencies. High Low Close Prev. Amsterdam

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Market Closed

The stock market in Bom-bay was closed Friday for a holiday.

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ASIA/PACIFIC

An Outsider May Head Bank of Japan

TOKYO --- Prime Minister Ryu-taro Hashimoto wants to appoint someone from outside the government as Bank of Japan governor, senior party officials said Friday. Mr. Hashimoto started searching

for a new central bank chief Thurslay after the current governor, Yasno Matsushita, offered to resign to take responsibility for the arrest Wednesday of a central bank official suspected of accepting bribes.

Scandals currently wracking the two insolutions have led to the arrests of four Finance Ministry officials, the resignation of the finance minister and the suicides of four of the ministry's bureaucrats.

"After the bribery scandals, politicians are probably reluctant to choose anyone linked to the Finance Ministry and the Bank of Japan," said Yasunari Ueno, chief market economist at Fuji Securioes Co.

Appointing an outsider would end

a tradition in which the position has alternated between officials of the Bank of Japan and the Finance Ministry. Mr. Matsushita became govemor in December 1994 after serving as vice finance minister, the top administrative post at the ministry.

According to that tradition, the next central bank governor would likely be Toshihiko Fukui, senior deputy governor of the central bank. Mr. Fukui may now serve ouly as interim governor after Mr. Matsushita steps down. Mr. Hashimoto has urged Mr. Matsushita to stay at the post until at least April 1, when a revised law takes effect that gives the central bank more independence from the government.

The prime minister has the legal anthority to choose the central bank governor, who is usually named after negotiations among the institutions and the ruling party.

"The arrest provides a good op-portunity for the Bank of Japan to scrap the much-criticized tradition," said Kazuhiko Ogata, an economist at Jardine Fleming Securities.

■ BOJ Leaves Rates Alone

The Bank of Japan said Friday it would maintain official interest rates at record-low levels to help the flationary pressure. economy, Bloomberg News reported from Tokyo.

The central bank has maintained its discount rate, the rate it charges for overnight lending, at an all-time low of 0.5 percent since September 1995 and held its interbank overnight-loan rate target just below that level.

Seoul Seals Bank-Debt Pact

SEOUL - South Korea and 123 international banks concluded an agreement Friday to exteod \$21.37 billion of maturing South years in exchange for government

guarantees.

The agreement opens the door for the government to sell up to \$9 billion of bonds in its first international bond sale.

above me inreshold required to the January agreement to proceed.

William Rhodes, vice chairman of Ciobank NA, and senior coordinator of the bank negonations, said in the statement: "The banks'

them to return to global capital markets and bolster their finances for the first time since the country slid into financial crisis last November. The agreement cuts the propor-

matures within a year to just 30 percent of all debt, down from 44 percent at the end of December.

The foreign banks, representing above the threshold required for

South Korean companies are response allows the loan agreement counting on the bond sale to set a to be signed formally before the pricing benchmark that will enable end of March and the first exchange to be on April 8, as scheduled," South Korea will swap sbort-

term debt for new ooe-, two- and

three-year loans to South Korean banks, guaranteed by the governtion of Korean currency debt that ment, at interest rates ranging from ary.

2.25 to 2.75 percentage points That amount includes funds above the London interbank offer from lenders such as the IMF, the

Sung, South Korea's minister of finance and economy, in a statement.

The one-year loans will pay interest of 2.25 percentage points more than the six-month London interbank offer rate. The two-year \$21.37 billion of maturing South 31 countries, agreed to reschedule loans will pay 2.5 points more than Korean bank debt for up to three 94.8 percent of maturing debt, well Libor, while the three-year loans will bear a premium of 2.75 points. Those rates are subject to change if the country's credit ratings im-

Separately, South Korea's cen-tral bank said that usable foreign exchange reserves, excluding deposits in overseas branches, stood at \$18.54 billion at the end of Febmary, up from \$12.36 billion a month earlier. Total foreign exchange boldings rose to \$26.72 billion at the end of February from \$23.52 billion at the end of Jano-

Asian Development Bank and the "We are very pleased with the overwhelmingly favorable re- to help South Korea solve its short- package. South Korea has already sponse we have received to date to term liquidity problem and support received about \$21.09 billion of the exchange offer," said Lee Kyu the country's economic program. such funds. (Bloomberg, Reuters)

Minority Shareholders Rebel in South Korea

Scuffles broke out after Daelim management rebuffed attempts by some shareholders to force the ident Kim Dae Jung to lure foreign investment by improving share-

minority shareholders are treated "Go Home Bae Kwang Hoon, SEOUL — South Korea's first bere," said Yang Sih Kyoung, a rebellion by minority shareholders lawyer. "There's just too much lipescalated into a confrontation Frigger and not enough action."

SEOUL — South Korea's first bere," said Yang Sih Kyoung, a You Evil Corporate Vulture."

"It's unbelievable such barbaric escalated into a confrontation Frigger."

Service and not enough action."

barred scores of people from vot-ing at its annual general meeting.

Wang Hoon, an entrepreneur who Back, who owns a bowling alley ing at its annual general meeting.

owns 2.9 percent of the ceramics and runs computer schools for owns 2.9 percent of the ceramics and runs computer schools for and tableware manufacturer. Mr. children, Mr. Baek is trying to un-Baek said Daelim management re-seat several Daelim directors, acfused to allow him to vote on behalf cusing them of mismanagement, of shareholders who collectively Most shareholders left the board to step down. The dispute of shareholders who collectively could undermine attempts by Pres- own 23.8 percent of the company. Mr. Back was greeted by Daclim employees carrying placards

escalated into a confrontation Fri-day when Daelim Trading Co. Mr. Yang represents Back shareholders meetings," said Mr.

boardroom when Daelim said it would not accept the transfer of lim employees carrying placards voting rights representing 500,000 emblazoned with the words "Go shares that Mr. Back gathered "This is a classic case of how to Hell Back Kwang Hooo" and from other minority shareholders.

China Consumer Prices Fall for First Time

BEUING - China's consumer

price index fell in February for the first time since China began tracking inflation, the government reported Friday, as bumper harvests and a sagging economy reduced in-

The consumer price index, which tallies retail sales, utilities and some services, was 0.1 percent below the level of February 1997, and was down from the 0.3 percent year-onyear rise recorded for January, the State Statistics Bureau reported. "There's never been a oegative

few months."

central bank will move soon to cut weighed the benefits of a rate cut official interest rates to ease pressure on companies' costs as their profits slump. A cnt would save companies

money on interest payments for new loans and stimulate investment in an economy now growing at its slowest pace since 1990.

CPI figure," said Qiu Xiaohua, times over the past two years but chief economist at the statistics bu-inflation rates have fallen even reas. "The slide will continue for a faster, leaving borrowers paying higher real interest rates.

The negative inflation figure increases the likelihood that China's bank governor, said Beijing had against the potential risk of depositors fleeing accounts denominated in yuan for higher paying U.S. dollar accounts, undermining the govern-ment's ability to maintain its fixed exchange rate to the dollar. China's 5.67 percent compared with 5.25 China has cut interest rates three percent paid oo dollar accounts.

Sega Suffers Setback in U.S. Video Games

By Stephanie Strom
New York Times Service

TOKYO - In a stunning retreat, Sega Enterprises Ltd., the company that gave wings to the high-flying video-game business with the success of its Sega Genesis console, said Friday it was pulling its Sega Saturn console from the U.S. market in the face of stiff competition from Sony Corp. and Nintendo Co.

The company said it would write off \$450 million to cover losses at its U.S. subsidiary, Sega of America Inc., and on investment securities and a software venture, as well as for the disposal of inventory.

Sega expects to post a net loss for the year ending Mar. 31 of 32.8 billion yen (\$253.5 million) and anocipates that sales will fall almost 21 percent, to \$2.8 billion. Its stock sank 3.3 percent Friday, to close at 2,130 yen.

Sega's president, Shoichiro Irimajiri, said the company had decided to take drastic steps to wipe out inventories to better position it-self for introducing the next gen-eration of video-game consoles, which it is developing along with Microsoft Corp. He promised that although the company would no longer sell Saturn in the United States, it would continue sales in Japan and would continue to sell and develop software for the console.

Moody's Investors Service Inc.

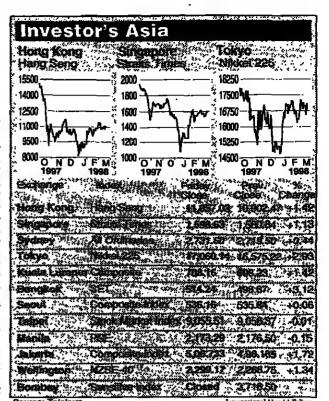
said Friday it had placed Sega under review for a possible downgrade. It questioned Sega's "ability to maintain its competitive position over-seas in the highly trendy business" of video games.

After selling some 20 million 16bit Genesis consoles in the United States in the early 1990s, the company's 32-bit Samm flopped miserably. Introduced in 1995, only 2 million of the consoles sold in the United States, and 5 million in Japan.

Sony's Playstation and Nin-tendo's 64-bit console have each sold more than 6 million units in the United States, while Saturn barely accounted for 2 percent of the market, according to the NPD Group.

Sega made several missteps with Saturn. Sega introduced Saturn in the spring instead of the autumn season, when most video-game players are sold, and its distribution was limited to just a few retailers.

Now, Sega will have to court retailers all over again when it brings its oew console to market, which is expected to be Internet interactive.



Very briefly:

• Indonesia's new vice president, B.J. Habibie, had talks in Jakarta with Eisuke Sakakibara, a senior official of Japan's Finance Ministry, but officials had no comment on their discussions. Prime Minister Ryutaro Hashimoto of Japan is due in Jakarta on Saturday and will talk with President Suharto about Indonesia's economic crisis.

• PT ladosat, Indonesia's government-controlled phone company, said international phone rates would rise 25 percent on March 15 in response to the decline of the rupiah.

• Yamaichi Securities Ltd. has filed a criminal complaint against some if its former top managers, including its former chairman, Tsugio Yukihira, and a former vice president, Ryuji Shirai, accusing them of breaking securities law by falsifying reports on stock market transactions. • Fiduciary Trust Co. International, a New York-based

investment management company, has reached a preliminary eement to buy Japan'a Sanyo Investment Management . The deal would be Fiduciary's first step into the Japanese pension fund market. The companies have yet to set a price.

• Acer Computer International Ltd., a Singapore-based unit of Acer Inc. of Taiwan, said 1997 net profit fell to 24.25 million Singapore dollars (\$14.96 million) from 51.5 million dollars for 1996. Sales rose 30 percent, to 1.47 billion dollars.

• Ekran Bhd. of Malaysia has suspended flight operations at its Sacaga Airlines Sdn. unit and canceled an order for five planes from Airbus Industrie.

• Broken Hill Proprietary Co., Australia's biggest resources company, expects slowing demand from Asia to cut 2 millipo metric tons from its iron ore sales. In the year to May 31, 1997, BHP shipped 62.2 million metric tons of iron ore and is now expecting to ship 63 million tons in the current year.

 Macronix International Co., a leading Taiwan chipmaker. said net profit in 1997 dropped 42 percent, to 1.94 billion Taiwan dollars (\$59.9 millioo), as chip prices fell. Sales rose 4 perceot, to 10.7 billion dollars. Bloomberg, Reuters

INDONESIA: Setback Is Seen for IMF Goals

rency board.

On Thursday in Washington, the Fund's managing director, Michel Camdessus, said such a move would be with a suggestion by Mr. disastrous for Indonesia at Suharto that the liberalized

"Why?" he said. "Bevery limited stock of reserves lationships and government

· A week ago, the IMF said it month the release of a second disbursement of \$3 billion be- nomic technocrats. cause of Indonesia's slow ac-

polies and cartels.

That announcement drew a

now, with an extremely vulnerable banking system, with a corporate debt which has not yet been stabilized or research to the indonesian policymanning his friend B.J. is 'confusion' and the situation in Indonesia continoes to worsen,' the report said. would delay until at least next and now by naming a cabinet and there is hardly any borthat is oot dominated by eco- rowing/lending taking place

"The crisis is more polit- falling apart."

Continued from Page 1 tioo on removing price supports, reforming the banking character," Mark Brown, a sector and disbanding monovice president of the World Bank, said Tuesday.

"This is a test of wills bechorus of nationalist indigna- tween President Suharto and tion from officials here, along domestic and international markets."

In a report on Indonesia economy be had agreed to this week. Jardine Fleming would run counter to the In- painted a bleak picture of the cause this country with its donesian ethic of family re-country's economic pros-very limited stock of reserves lationships and government pects and its will to take

and distribution networks are

JAL Faces Dip In 2 Ratings

Bloomberg News

TOKYO - Japan Airlines Co.'s long-term and short-term credit ratings may be downgraded by Standard & Poor's, the U.S. firm said Friday.

JAL failed to cnt costs sufficiently given the weak Japanese economy and greater competition, S&P said. The company's hotel operations also burden its financial performance, it said.

S&P placed JAL's "triple B-plus" long-term and "A-2" shortterm ratings on "CreditWatch with negative implications."

BAHT: Soros Invests in a Mill Continued from Page 9 overseas, much of Thailand's

banking system. tinue extending credit to debtburdened Thai companies, in-

the country's banks and finance companies. "Everyone always draws parallels with Mexico, where investment flows restarted after just 12 months," Mr. Pietersz said. "But that was a

straightforward problem with

one debtor: the public sector. Here it is a private sector problem with a myriad of multiparty negotiations.

private sector has been bankrupted by the fall of the baht. Impending problems in the Loans taken out in dollars Thai economy include con- now cost 40 percent more to vincing foreign banks to con- repay than they did nine

months ago. Cleaning up the corporate stituting a workable bank- mess has proven impossible ruptcy law and finding for- since, until recently, Thailand eign partners to recapitalize had no bankruptcy law. A new law that comes into effect at the end of this month will only partly address the problem, analysts said.

"The new law allows creditors to force companies to restructure but it doesn't give them the power to threaten liquidation," said Bob Burgess, a financial consultant.
"It is a bankruptcy law without teeth that allows the After borrowing heavily cronies to save themselves."

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MERGER: Saving Money

Continued from Page 9

to argue that it could offer either an auction market or a dealer market to any company. Rule 500 is changed at the New York Stock Exchange.

That rule allows companies a large majority of shares outstanding approve the action in a shareholder vote. The exchange has proposed making leaving easier, but the NASD and regulatory approval can be has complained it will still be a market-maker on Nasdaq. too stringent, and the issue is before the Securities and Exchange Commission.

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The possibility of such Nasdaq — were dominated by insiders even though most of the members were the same

From being automatically eli-gible for trading in some states, as exchange stocks are. The same firms were effechively paying for lawyers for both sides of the battle, which Nasdaq eventually won.

But the SEC, under Chairman Arthur Levitt Jr., has forced all markets to tilt power toward directors ontside the securities industry. The Nasdaq market makers have seen their power wither as regulators forced new trading rules that threaten to cut their profits by improving the . Martinaned in Page

prices that investors can obtain. Those reforms have in By having two markets, the some ways made Nasdaq NASD would be in a position more like an auction market, although differences remain.

To get the deal approved, the AMEX will need the back-That could be important after ing of its members, who own seats and would be strongly opposed to seeing their value wither. Most of the seats on the to leave the Big Board only if AMEX are owned by investors who lease them out to traders and brokerage houses. By contrast, any brokerage house with sufficient capital

At least at the beginning, that system would endure. But there would be steps taken to protect the value of talks would have been un-likely even a few years ago, in clude the NASD's bnying large part because stock mar- some seats and retiring them. kets - whether exchanges or according to a participant in

the negotiations. With 661 regular member ship seats recently selling for brokerage houses.

That led to a bitter legal tions principal membersup tions principal membersup selling for about \$450,000, it would take \$400 million to when all at current prices.

> THE NG SYSTEM PERFORMANCE RESULTS

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English Speaking International Catholic Parish, St Leonhard, Alte Mainzer Gasse 8, 60311 Frankurt, Germany, Tel/Fex 069-283177, Mass schedule: Seturday 5 p.m., Sunday, 10 am. Contessions. 12 hour belone Mass.

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EMMANUEL BAPTIST CHURCH - 56, rue des Bors-Raisins, 92500 Ruell-Mahnaison, Worship, 9:45 : 11:00 a.m.Sundey School, For infective 75 129 63/01 47 49 15 29 or http://www.pscolies.com/ParleMetro/1352. HOPE INTERNATIONAL CHURCH Hotel Orion at Penis-la-Défense, à bd. de Neuthy. Worship Sundays. 10.00 a.m. Rev. Ell Forzheiner, Pasiot T. 01 43 33 04 06 Métro 1 to la Défense Esplanade.

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aun. Eucharist; 2nd & 4th Sun. Morning Prayer, 3 nue de Mortinoux, 1201 Geneva, Subratant. Tel: 41/22 782 80:78 erland, Tel: 41/22,732 8078. THE CHURCH OF THE ASCENSION THE CHURCH OF THE ASCENSION, Sun. 11:45 a.m. Holy Eucharist and Sunday School, Nursery Care provided. Seybothstresse 4, 81545 Munich (Her-laching), Germany, Tel.: 4989 64 81 85.

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BUDAPEST 1.B.C., meets at Morios Zsigmond Gimnazium, Torokeesz ut 48-54, Sun. 10:00. Tel. 250-3932.

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LB.C., World Trade Center, 36, Drahan Tzankov Blvd. Worship 11:00. James Duke Pastor Tel 971 - 2192. . DARMSTADT - GERMANY I.B.C., Withelm-Leuschner Str. 104, Darmstadt-Griesheim, Bible Study Sun. 18:00. Tel.: (0511) 941-0505.

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ST. PAUL DE VENCE - FRANCE St. Paul de Vence - France LB.C., Espace St. Clairs, Level "0". Bible Study Sun. 9:30, Worship Sun. 10:45, Tet (04 93) 24:92 61.

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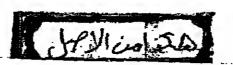
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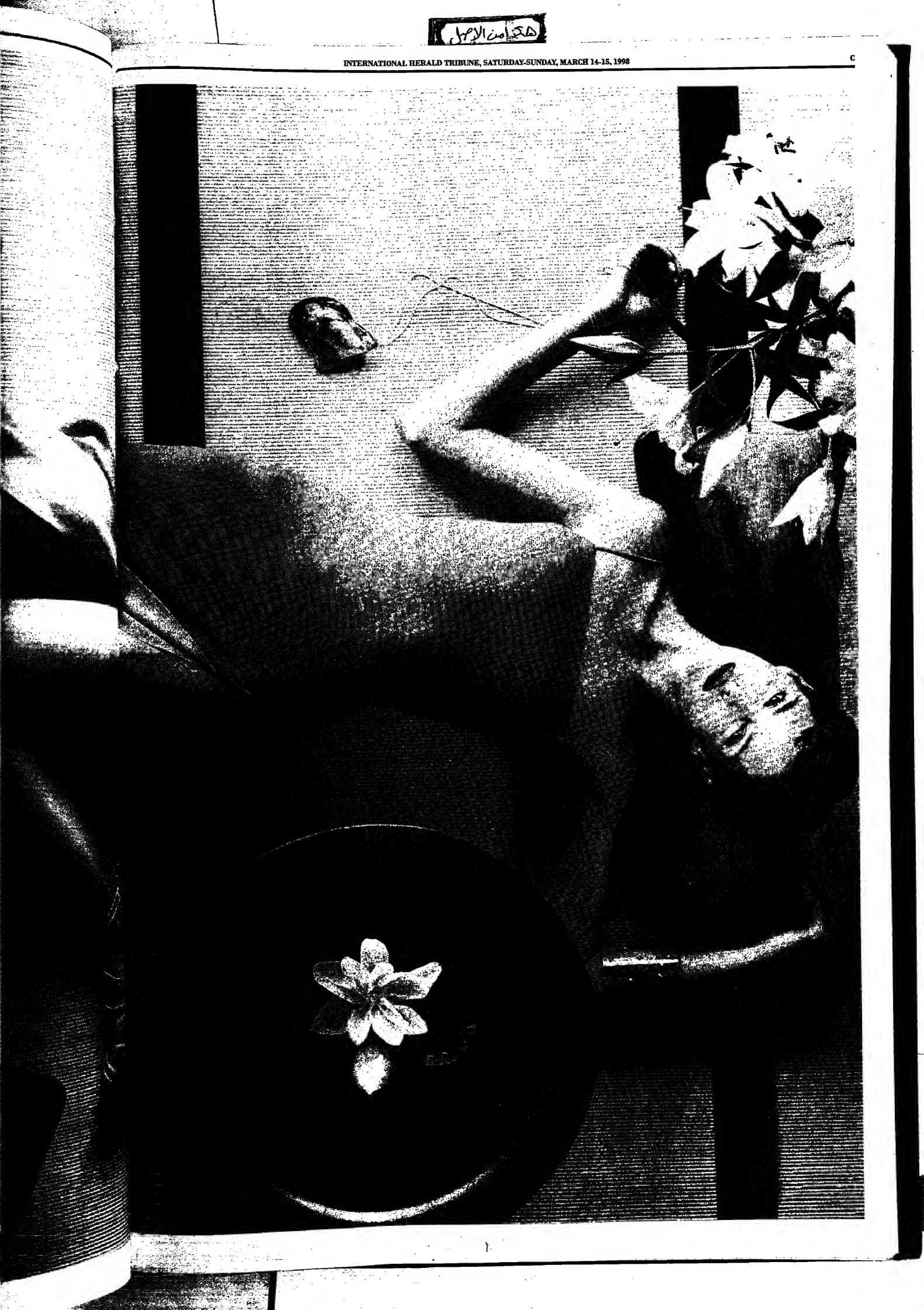
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INTERNATIONAL HERALD TRIBUNE, SATURDAY-SUNDAY, MARCH 14-15, 1998

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The Art of Avoidance and the Wisdom of Not Investing

Sometimes the best investment is no investment at all. This week, The Money Report looks at securities to avoid, or, if you are an aggressive investor, to sell short.

Long Shadows Across Asia

By Philip Segal

ARELY DO analysts agree on anything, but they are of one mind in their gloom on the subject of Indonesia. The Interna-tional Monetary Fund has withheld new money to punish what it sees as the failure by the government of President Suharto to take its economic medicine, which only adds to the risk of a national collapse.

"If anyone has anything positive to say about Indonesia, I'd love to hear it," said Kevin Daly, a capital markets analyst at Standard & Poor's MMS International.

For anyone brave enough to invest in Indonesia with a view to the post-Suharto era - the president was reelected to a seventh five-year term this week - the more cautious may want toavoid stocks controlled by Mr. Suharto's children and their families. These include the Cibinong group, con-trolled by the brother of a Suharto sonin-law; PT Bimantara Citra, a conglomerate controlled by the president's second son, and the toll-road operator PT Citra Marga Nusphala Persada, controlled by his eldest daughter.

An Indonesian collapse would probably have profound effects across Asia and beyond.

"The biggest creditor to Indonesia is in - as it is to Thailand and Korea," aid Bob Broadfoot, who runs the Polit-al & Economic Risk Consultancy in ong Kong. "The Japanese banks are ared to death of a debt moratorium. ad are also scared to death of any move to we the foreign creditors take a loss."

Japanese banks have \$182 billion in iabilities in Asia, according to Moody's investors Service. Specifically, Tokyo-Mitsubishi Bank, the world's largest commercial bank, and Dai-Ichi Kangyo Bank were put on review by Moody's for possible downgrades because of their exposures in Asia.

As one economic sumulus after another falls short of the mark in Tapan, some investors have simply given up on an imminent rebound in what is still the world's second-largest economy.

"I have no hope whatsoever for the Japanese stock market," said Bill Kaye of the Pacific Group hedge fund in Hong Kong. "A top-down, bureaucrat-dominated economy cannot and will not work." His view is that it will not be fiscal stimulus that finally joits Japan, but rather the entry into the country of retail-level foreign institutions (such as Mezrill Lynch & Co.), which will provide individual Japanese investors with alternarives to sticking their money in postal savings accounts. This cash is now slowed by the post office into governnent bonds. But when savers start giving .eir money to firms like Merrill Lyach, ond yields could soar and the yen would all as the more activist institutions spread nvestments into other currencies.

Short Sell, Big Risk

One caveat: With the end of the fi-

nancial year coming at the end of the

Short sales are a risky strategy because losses are theoretically unlimited. To execute one, an investor borrows a security and sells it, temporarily pocketing the market price. If the bet goes right and the price falls, the investor repurchases it for less than the sales price and keeps the difference after returning the investment to its owner. If the security rises, the short-seller has to repurchase it for more than the sale price, suffering a loss. Since there is no limit to how much a security can rise, there is no limit to the potential loss.



- Coca-Cola Amati
- Indonesian Stocks Japanese Stocks
- Closed-End Funds (investing in Indonesia, Thailand or Hong Kong and

trading at premiums to net-asset value)

month, Japan's authorities are pouring postal savings into the stock market in order to make the stock holdings of banks look good in time for their annual reports. After that, stocks could easily fall anew.

If Japanese banks are to be avoided, so are most other financial institutions around Asia. Prudential Portfolio Managers in Hong Kong does not short stocks, but is underweight in Hong Kong's biggest, HSBC Holdings PLC.

"HSBC looks very expensive versus its history," said Bric Sandhund of Prudential Maria and Jacobs Sandhund of Prudential Maria and Jacobs Sandhund of Prudential Maria and Jacobs Sandhund Maria Sandhund Sandhund Maria
tial. He is not alone in avoiding HSBC. The Hong Kong hedge fund Hendale Asia is shorting the HSBC subsidiary Hang Seng Bank because of what the manager Henry Lee saw as far too little

Thomson BankWatch reported that in 1996, Hang Seng Bank's provision-ing ratio was below average for Hong

in provisioning against bad debts for

Kong banks as a whole. At HSBC, Mr. Kaye said: "You can count on the damage being greater than what's known at the moment. You'll see them taking bigger write-offs."

Jim Mellon at Regent Asset Management goes further, recommending a short on most banks in the region, and he is particularly wary of Thailand, where banks will require as much as \$20 billion to recapitalize so that they can return to international markets for loans. That will mean new share issues at discounts to friends and family members even at Thailand's largest financial

institution, Bangkok Bank, he said. Another idea from Mr. Mellon for those who find short-selling Asian stocks inconvenient: short Citicorp or Chase Manhattan Corp., parent companies of two U.S. banks with extensive exposure in Asia and which are selling at three to four times book value. Another tip is to short any closed-end fund traded in the United States that invests in Indonesia, Hong Kong or Thailand and that is trading at a premium to net-asset value.

Malaysia has returned to the headlines with a bang, with weakening banks and another troubling trend: state funds being used to bail out a company con-

trolled by the prime minister's son. olled by the prime minister's son.
Hugh Young, a fund manager at Ab
Bond Byword erdeen Asia in Singapore, is also steer-ing clear of many bank stocks, increas-ingly those in Malaysia.

"We're really just beginning to see

the decline in asset quality that we all know has happened, ' he said. The central bank said this month that Sime Bank had lost \$412 million in the second half of last year, and would need 1.2 billion ringgit (\$315 million) in new money to stay affloat. The state-owned Bank Bumipuna Bhd. may need 750 million ringgit in new funds. Non-performing loans at Malaysian banks could easily climb to 25 percent, from the 5 percent regulators now claim is the aggregate level.

Another short suggestion is Coca-

Cola Amatil Ltd., the Australian company that is the world's largest bottler of Coca-Cola outside the U.S.

"lt's overvalued versus the market, extremely exposed to the slowdown in consumer stocks," Mr. Lee said. It is richly priced at 37 times earnings,

compared with the price-to-earnings ra-tio on the All Ordinaries Index of 20. Worse for Amatil boosters, it is set to spin off its fast-expanding European operations, leaving Amatil with a larger share of Asian bottlers, whose sales are in Asian currencies.

In Europe, Steer Clear of Banks

By Conrad de Aenlle

THE EUROPEAN companies whose shares analysts counsel avoiding fall into two categories. One group comprises strong businesses or industries that have had sharp share-price run-ups that have rendered them too expensive for prudent investment and left them sus-

ceptible to negative surprises.

The other group of shunned companies is more unfortunate, for they are firms that are poorly run or in weak industries. Their share prices have languished, yet even at lower prices they are not deemed worth buying, for there seems little hope

that their fortunes will turn soon.

Lehman Brothers is generally positive on European banking stocks, as the industry consolidates and interest rates decline. But some lenders, notably in Italy, which has enjoyed one of the most benign banking environments in Europe, have seen their share prices bid up to levels that cannot be supported by their. likely profits, Lehman's analysts said.

The question now is whether the positive factors that have been driving the Italian banks still have further to go or are largely discounted," they

They opt for the latter view and suggest that the banks would have to produce unrealistic returns on equity to be as profitable as the market expectations implied in their share prices. The

analysts reckon that Istituto Mobiliare Italiano SpA is the most overvalued bank in Europe and was recently trading at 77 percent above its fair value. Less egregiously overvalued Italian banks include Banca Intesa SpA and Istituto Bancario San Paolo di Torino.

Overvalued European banks elsewhere, in their opinion, include Banco Espanol de Credito, known as Banesto; the Swedish Skandinaviska Enskilda Banken; Credit Suisse Group of Switzerland and the British banks National Westminster, Royal Bank of Scotland, Northern Rock and Woolwich.

A London-based manager for a me-ium-sized American mutual-fund company included Commerzbank of Germany on his list of stocks to avoid. The manager, who asked that neither he nor his employer be identified, said the bank's shares were priced about 20 percent above their fair value on hopes for a takeover that he said would likely not occur.

'People are expecting the bank to be taken over by another European bank, but Commerzbank is big enough to remain independent and it has said it is not interested in being acquired," he said. An acquisition "is unlikely to happen, and if it doesn't, the stock is not going up at all." The manager also recommends leav-

> time in recent months to review bond investments, now may be the

since the start of the year and yield-

hungry investors may wish to increase

their exposure to this asset class, but analysts urge restraint. Asia, in par-ticular, has been singled out by global

fixed-income fund managers as a region

recovered in recent months, but I would

not be jumping into Asia, especially into

debt denominated in local currencies,'

"Although yields are very attractive, the currency risk is a major problem for foreign investors," he added. "More

bad news is likely, and further reports of

corporate insolvencies and nonperform-

The emerging-bond-markets have

to avoid.

EUROPEAN STOCKS

- Russian Oil Companies Fertilizer Companies
- Norsk Hydro Pepkor
- Instituto Mobiliare Italiano

ing Compagnie Generale des Eaux alone, arguing that the expansionary French conglomerate is operating in

'the worst of all worlds.'.'
'The trend in business is to spin off businesses and simplify structure, but Generale des Eaux is doing the opposite, getting less focused," he said, noting its involvement in telecommunications and publishing in addition to its core water utility. The share price has risen 50 percent in the last six months, he said, and so "all the good news is in

Two other stocks on his hit list are used to operating essentially. as monopolies and are likely to suffer in new competitive environments, he said. Canal Plus SA of France has been able to offer little to its pay-television subscribers in return for increasing fees and

now must face a rival providing far more channels for less money. Canal Plus has also recently expanded into Scandinavia, Italy and the Netherlands, where it is running steep losses, and again must cope with increasing competition, he said.

Deutsche Telekom AG likewise must

try to fend off start-up operators in its erstwhile monopoly telephone market in Germany, he said. It will have to cut prices sharply, yet its management has not taken steps to our costs to compensate.

Goldman, Sachs & Co. is shunning makers of commodity chemicals; such as fertilizers, because they are vulnerable to being undercut on price by Asian rivals. The firm rates four fertilizer producers as "market underperformers": Solvay SA of Belgium, the Dutch companies DSM NV and European Vinyls Corp. International, and Kemira Oyj of Finland. The poor rating on commodity chemicals is hardly a revelation. The four stocks have drastically underperformed

their respective markets for several years, the worst being EVC, which lags the broad Dutch market by 80 percent since 1995. Goldman's analysts held out some

Continued on Page 17

BOND MARKETS Is Restraint By Barbara Wall F THERE HAS ever been a good

Global bond markets have rebounded

Asian Dollar-Denominated Corporate-Debt

Ecuador and Venezuela

Japan

said Rupert Gordon Walker, a fixed-income fund manager with ABR Govett Asset Management Ltd. in London. ing bank loans could spook the foreign exchange markets." Daniel Hermant a fixed-income fund manager with the London-based Guin-

ness Flight Hambro Asset Management Continued on Page 17

"The overall market is pretty high now," he said, "so companies that dis-

the first quarter of this year.

tries Inc., a maker of snowmobiles, whose

Michael Murphy, editor of the Overpriced Stock Service in Half Moon Bay; California, likes to shop for short sells in the excesses of momentum players." Momentum investors pile into stocks as long as they keep rising, creating wildly overvalued share prices that are ripe for sodden plunges at the first sign of trouble.

whole sector in baskets," he said. Most vulnerable, he believes, is Northwest Airlines Corp., whose share price has soured 50 percent in the last four months, and the United Airlines

Northwest recently suspended three of its weekly fights to South Korea from the United States, and United canceled one of its two daily non-stops between San Francisco and Hong Kong.

"And they both have major hubs in Tokyo," Mr. Murphy added.
Another target of short-sellers are
companies with product-liability disasters, which create "event-driven"

Wall Street thinks," he said, "and I want to be short when the class-action

does not make recommendations, but keeps track of the companies that are most heavily shorted by big institutional investors and hedge funds.

maker, has been showing up in his database. Its shares are already in a slump, but short-sellers contend they will fall farther, he said. Among Nike's prob-lems is the fact that fashion-conscions

U.S. Turnaround For Short-Sales?

By Judith Rehak

HORT-SELLERS in the United States have had a miserable de-States have had a miserable de-cade. 'It's been ugly,' admitted Michael Long of Rockbridge Research, a company in Charlotte, North Carolina, that gathers data on short-selling from big instinutional play-ers and hedge funds. "A lot of people have dropped out of the business

Short-sellers have lost money or barely managed to stay every year since 1990 except 1994, according to Mr. Long's quarterly survey of 25 leading players. But lately things have started to turn around, he said, notably in the fourth grants of last trees, when short sellers.

quarter of last year, when short-sellers won big on plummeting high-technology stocks. As a result, his survey shows that short-sellers came out ahead by

12.5 percent in 1997. Indeed, short-selling strategists claim they are seeing renewed interest, as investors seek defensive plays amid fears that the U.S. stock market is wildly overvalued and riding for a fall.

Candidates for short sales fall into several categories. Michael Reilly, portfolio manager of the \$90 million Al-liance All-Market Fund occasionally puts a modest 5 percent of his portfolio into shorting stocks of companies whose earnings are deteriorating, but are not fully reflected in the share price.

appoint are likely to get bloodied."
Currently, his shorts are the microchip-maker Advanced Micro Devices Inc., which announced two weeks ago that it would report a significant loss for

"They just can't compete with In-tel," Mr. Reilly said, referring to the world's largest chip-maker, which has roiled the technology sector with its

own profit warnings.

A more off-beat pick is Polanis Indussales he expects to be hart by the unusually warm winter in the United States.

Airlines are "out of whack" right now, in Mr. Murphy's opinion. "Wall Street has just been buying the

parent, UAL Corp., which has also ral-lied, despite significant exposure to Asia's financial turmoil. .

shorts, and astronomical litigation

Here, Mr. Murphy's top candidate is the pharmacentical-maker American Home Products Corp., which has been hit by a storm of negative publicity over fen-phen, a diet medication that has been linked to heart problems.
"The liabilities are larger than what

Mr. Long of Rockbridge Research

Lately, Nike Inc., the athletic-shoe

teen-agers, who constitute one of its



Airline Stocks

 Advanced Micro Devices American Home Products Corp.

Polaris Industries Inc.

major markets, are switching to boots and other footwear.

"Short-sellers are saying that Nike was nothing more than a big fad, and that fad is reversing," Mr. Long said. Considering a short sell and actually carrying it out are worlds apart. Even advocates warn that it is a high-risk business, dominated by an array of huge hedge funds, institutional players and high rollers who follow trading action minute to minute, making billion-dollar bets that can send shock waves through

a stock or sector and inflicting heavy losses on small investors. For those determined to try it out, strategists advise holding down risk by diversifying among as many as a dozen companies, and setting stop-loss orders with a broker, so that shares are repurchased automatically if the price goes up instead of down. Mr. Murphy,

for example, sets a stop-loss price at 25 percent above where shares were sold. Nor is it wise to hang on too long, lest a falling stock rebound, Mr. Murphy said, He seldom holds a short position more than five months and warns that

any longer is "dangerous." American investors now have a lessrisky way of dipping a toe into the perilous waters of short-selling. Following a relaxation in U.S. tax rules, which sharply restricted how much income a minual fund could gain from short selling, two funds were recently introduced for individual investors.

Both take large short positions, but are more conservatively run than highflying hedge funds - for example, they shun currencies and commodities, two favorite arenas of the big off-shore players. Another advantage is that their entry fees range from \$2,000 to \$2,500, compared with the steep six-figure min-imums required by big hedge funds. The \$174 million Barr Rosenberg

Market Neutral fund uses a complex computer program that spreads risk by taking small stakes in 1,000 stocks, half in short positions in overvalued companies expected to decline and half used to buy undervalued companies expected to rise. The fund's objective, said Richard Saalfield, president of the money manager in Orinda, California, is to provide

returns of roughly 12 percent annually.
'If there's a 10 percent rise in a stock,
we'll realize that gain, and we'll take very
little on the short side, versus 40-50 percent. like a typical hedge fund," Mr. Saalfield said. Revenues from selling stocks short are deposited in a money-market fund, creating a third source of income.

A second offering is the actively managed Montgomery Global Long/ Short Fund, started Jan. 1 by Montgomery Asset Management in San Francisco. About 30 percent of its \$15 million portfolio is in short positions, some of it in battered real estate and banking stocks in Singapore, said Mark Geist, Montgomery's president.
"We believe interest rates there are

going to stay higher, putting a squeeze on margins, and these stocks will not fare very well," he said. The fund is up 17 percent since its inception.

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Soaring Bulls: Is There Still Time for a Ride on High-Flying Airline Stocks?

vorite contrarian, Joe Rosenberg, chief investment officer of Loew's Corp., told readers of Barron's that airline stocks were a of Barron's that airme stocks were a great buy. It was a shocking statement. Over the three previous years, airlines had ranked 101st out of the 106 groups tracked by Standard & Poor's Corp.;

share prices were down 35 percent. Mr. Rosenberg liked all the companies, even US Airways Group. This was doubly shocking. The company was on the brink of bankruptcy; from 1989 to 1994, it had registered losses every year, a total of \$2.4 billion. The balance sheet showed a negative net worth, and the stock had tumbled to \$7 from \$51. But Mr. Rosenberg, who started on

Wall Street as an airline analyst, was

right on the money, Shares in US Airways have risen by a factor of 10 since 1995 to \$73 late Friday in one of the

tion now is not whether the carriers will go bankrupt, but whether investors are too enthusiastic about them. Is it too late to buy these high-fliers? "I am not a bull in any equities,"

Mr. Rosenberg said, adding that he now believes the market as a whole is overpriced. "But, if I were a competitive money manager, I would be overloaded in this group."

In fact, by the standards of the current market, airlines look like bargains.

They seem to provide the best of both worlds: growth stocks at value prices. "The stars are aligned," said Glenn Engle of Goldman, Sachs & Co. He added that investors keep underestimating the earnings of the carriers, so that, even though prices are rising, they may be much lower than they should be.

This year, he said, earnings for the

great turnarounds of all time. The other industry could rise 20 percent, comairlines are soaring, too. The big quespared with estimates in the range of 5 to 10 percent. His top three recommendations are AMR Corp., parent of American Airlines, Continental Air-lines Inc., and Delta Air Lines Inc. In the past, even when airlines have done well, they have suffered from a

reason is that airlines - like auto compa- by more than \$500 million. pared with estimates in the range of 5 to nies - seem to have learned from the past Mr. Engel said the carriers had agent commissions were on the way venturing into the territories of others.

JAMES GLASSMAN ON INVESTING

boom-and-bust cycle, keeping investors wary and price-to-earnings ratios low. The typical pattern is for the economy to turn up, causing traffic to strengthen and seats to become scarce, allowing the carriers to raise fares. Then, new planes enter service, increasing capacity — or the economy collapses. Whether because of too much supply or too little demand, the cycle ends, and it often takes a long time to build again.

But that may be changing. The big

Also, he said, they have learned to makers of business jets. It is also possible cooperate. In the past, they aggressively that the game will end if one big aritime. added capacity or boosted commissions or new upstarts try to grab market share: to travel agents in order to win market But, for now, the profit picture is rosy. share. Now, without exactly colluding, the airlines are moving in tandem.

extra business, but everyone's costs rise. low, and the carriers are using powerful. Today, Mr. Engel said, "the competition is computers to keep load factors high for who can have the worst service." As a through manipulating fares. result, the carriers last year cut food costs. All of these changes are impressive,

In 1995, Mr. Rosenberg predicted that

restructured in a way "that makes it down That has happened, and the airlines harder to be stupid." They have decided have saved \$2 billion a year. But the to defend their own turf, becoming more largest savings are in capacity. The dominant at their hubs, rather than ad- companies are not ordering many planes, content to grow slowly.
Of course, said Mr. Rosenberg, "this

has made flying a lousy experience," which has enhanced the fortunes of

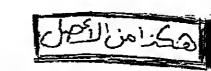
The audines have benefited from the current economic boom, which has not If one arrine offers steak, then the com- been accompanied by higher fuel petitors have to follow, no one gets any prices; in fact, oil recently hit a 10-year

but the main reason I like airlines is that they fit in with one of my four favorite themes for the 21st century: travel. The others are delivery services, biotechnology and for-profit education.

But be warned that picking the right industries does not always mean picking stock-market winners. 'It has long been the prevalent view,' wrote Benjamin Graham in "The Intelligent Investor," "that the art of enccessful investment lies first in the choice of those industries that are most likely to grow in the future and then in identifying the most promising companies in

these industries." Unfortunately, as logical as this approach may sound, it often fails, and Mr. Graham points to airlines as proof. In fact, back in 1949, he warned against buying such stocks, and he was right.

Continued on Page 17



The LHT. would like to remind its readers that past performance is no guarantee of future results and that the value of an investment and the income from it can go down as the like to remind its readers that past performance is no guarantee of future results and that the value of an investment and the income from it can go down as the like to remind its readers that past performance is no guarantee of future results and that the value of an investment and the income from it can go down as the like to remind its readers that past performance is no guarantee of future results and that the value of an investment and the income from it can go down as the like to remind its readers that past performance is no guarantee of future results and that the value of an investment and the income from it can go down as the like to remind its readers that past performance is no guarantee of future results and that the value of an investment and the income from it can go down as the like to remind its readers that past performance is no guarantee of future results and that the value of an investment and the income from its can go down as the like to remain a like the
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Bad News

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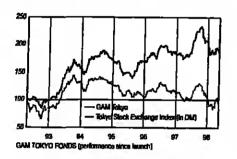


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In our view the current economic environment is supportive of investment in bonds. For US Dollar investors, we would highlight the Guinness Flight US Dollar Bond Fund, which offers exposure to high quality US Dollar denominated bonds. The Fund has an excellent and consistent track record,

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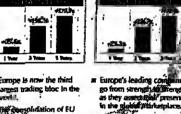


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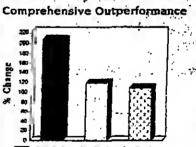
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Green & Smith Capital	Merger 1	from 01/01/96)	2.59
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PIMCO Stocks PLUS Series*	S&P 500 Index	26.47%	69.23%
Pacific lay, Mgmt, Co.	Tracking (from 31/12/96)	17.04
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Winchester Convertible Plus	US Convertible	18.08%	83.53%
Oaktree Capital Mgmt.	Debt (from 51/12/90)	7.14
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The managers of these funds have U.S. funds employing substantially the same policies with histories going back to 1990 (Smith & Green) and 1987

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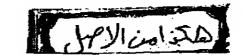
TWO COMPARTMENTS HAVE BEEN LAUNCHED AT THE END OF 1997: EQUITIES-NETHERLANDS, MONEY MARKET GREAT BRITAIN

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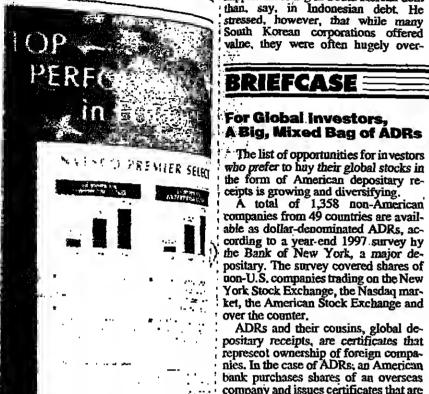
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F269% Is Bad News'
Continued from Page 15
Ltd., also is uncomfortable with denominated in hard current

Spread your risks among to esceptions: managers in Rusia the very most, restrict exposure to topeign agencies or solid utilities compa-nies," he said. "I would especially avoid investing in debt issued by

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For Bonds, Asia leveraged and had the same transpar-ency and liquidity problems as corpo-rations in Indonesia and Thailand.

South Korea is favored over other Asian markets primarily because viable fiscal policies have been adopted to deal with the crisis, Mr. Hemnant added. Latin American bond markets con-Ltd., also is uncomfortable with Asian debt denominated in hard currencies because of the default risk.

tinue to do well, and analysts are generally hullish on the region, but some markets are still less fashionable than

Peter Scott, chief executive of Beta Funds in London, cited Ecuador and Venezuela as the two markets in the region in which he would least like to be at the moment.

'Ecuador did well in 1997: It moved from being a complete outsider and an above-average risk to being a relatively attractive investment," Mr. Scott said.
"I would still be reluctant to invest in

the bond market, however," he added.
"Ecuador is a long way off from getting IMF support because government fiscal policies have fallen way short of reachmg the required targets. On balance, there are probably much better opportunities for good yields elsewhere in

Latin America."
He placed Venezuela in the same

category as Ecuador.
"Although the sovereign- and corporate-bond markets have not done too badly," Mr. Scott said, "government economic reforms are not sticking and the economy has suffered a further sethack recently following the drop in oil Mr. Gordon Walker of ABR Govett

said that while he liked the Mexican bond market, he would be cautious of investing in peso debt there.

"The currency is vulnerable to fur-ther depreciation because of a deteriorating current-account situation bronght on by cheap exports to the United States from Asia," he said. "It would probably be prudent to wait until the currency weakens before investing in the mar-

OR THOSE in search of high yields, Continental Europe may not be the ideal place to be.

Many bond-fund managers have indicated that they intend to pursue a defensive European investment strategy and will restrict portfolio exposure to a handful of core markets.

"European markets may be modestly overvalued," said Paul Craven, a fixedincome fund manager with Schroder Unit Trusts Ltd. in London. "When the consequences of the financial crisis in Asia finally hit home, we could see bond prices fall. While I do not expect to see a large-scale sell-off of bond holdings," he

added, "I would be cautious of investing in some European markets with yields at their current low levels."

Italy was recently popular, but it has fallen out of favor with investors.

"Value in the peripheral markets of Europe has been extracted in the run-up to EMU." Mr. Craven said, referring to Economic and Monetary Union, which is scheduled to begin next year, "and there is no longer much upside to be gained holding Belgian or Italian bonds relative to German bonds. In Italy's case, there is the added risk that it will not join EMU. Should this unlikely sce-

nario occur, the Italian bond market could do very badly."

"Even if Italy does join EMU on time, Italian bonds may still not offer much value," he added. "There will need to be a yield premium oo Italian

bonds relative to German bonds because of Italy's lower credit rating, hut it is thought unlikely that the yield premium will be sufficient to entice vestors into the market."

The Japanese bond market also has been largely ignored by international investors in recent months. Although analysts expect the economy to remain weak, bond yields are still unattractive and are forecast to remain so for some

"The yield differential between U.S. Treasury bills and Japanese government bonds is close to its 10-year high point of 4.5 percent," Mr. Craven noted. "The lowest yield differential in the past 10 years has been 0.5 percent. I expect to see many more Japanese investors switching out of Japanese bonds into U.S. bonds for the yield pickup."

Strong and Weak On Europe's List

Continued from Page 15

hope for a recovery, but not for a while. "It is possible that as 1998 progresses, a case will develop for taking a more positive view of the outlook for com-modity chemicals, when it is possible better to assess the impact of developments in the Asian economies and especially if U.S. dollar strength continues to provide some protection for European

markets," they said in an industry report.
That sentiment sums up the attitude of analysts at Salomon Smith Barney toward Norsk Hydro ASA. The Norwegian oil company had a fourth quarter that did not meet entrings expectations dragged not meet earnings expectations, dragged down mainly by weakness in its fertilizer husiness, and they expect coming periods to offer little scope for improvement.

Sticking with the theme of foul substances that no one wants to buy, John-Paul Smith, who follows Russia for Morgan Stanley, Dean Witter, Discover & Co., urged investors to avoid the oil companies that dominate Russia's stock market.

"Having held up relatively well until the last weeks of February, the three main oil stocks - AO Lukoil Holding, Surgutneftgas Oil Co. and AO Tatneft have started to underperform the broader market due to concerns about the low level of the oil price," Mr. Smith said.
"We think that such concerns are more than justified, since at current price levels, exports are unlikely to be profitable. Accordingly, we expect further underper-formance unless there is a sustained recovery in the price of crude oil."

Russia is in a delicate situation because of the unresolved Asia crisis, which has hit most emerging markets, and the severe fall in oil prices. The short-term outlook for the financial markets, Mr. Smith said, "is likely to be somewhat confusing, particularly for equities, which could suffer a further correction as expectations for economic growth this year recede and investors become increasingly aware of the po-

tential bad-debt problems."
Tessa Christelis at ING Barings encourages investors to sell a South African retailer, Pepkor Ltd. Shares have more than doubled since the start of 1997, leaving it with little room for further improvement, given the difficult covironment for retailers m South Africa, Ms. Christelis said.

Pepkor is a holding company for several chains of stores in South Africa, other parts of Africa and in Europe and Australia. The market shares of some of its companies are so high, she said, that there s little opportunity for further growth.

Totting up the values of Pepkor's various components, she figures the company is worth little more than its current price of about 3,300 rand and so will lag the broad market over the next year and may even decline.

BRIEFCASE

For Giobal investors, A Big, Mixed Bag of ADRs

"I would generally advise investors to steer clear of all nonsovereign. U.S.-dollar denominated Asian debt, or, at

tier corporations, such as quasi-sover-

companies in the banking and property sectors. Although the yields here are fantastic — upwards of 50 percent in many cases — the risk is at the extreme and of the risk spectrum.

and property companies are barely man-

aging to keep afloat as a result of over-building programs.

OME MARKETS in Asia are considered to be safer bets than others.

Mr. Hemnant said that he would feel

happier investing in South Korean deht

"The Asian banking system is rotten

The list of opportunities for investors who prefer to huy their global stocks in the form of American depositary receipts is growing and diversifying.

A total of 1,358 non-American

companies from 49 countries are available as dollar-denominated ADRs, according to a year end 1997 survey hy the Bank of New York, a major depositary. The survey covered shares of uon-U.S. companies trading on the New York Stock Exchange, the Nasdaq mar-ket, the American Stock Exchange and over the counter.

ADRs and their cousins, global de-positary receipts, are certificates that represent ownership of foreign companies. In the case of ADRs, an American bank purchases shares of an overseas company and issues certificates that are sold and traded like regular stocks. The certificates can represent one, several or a fraction of the underlying shares, which remain in the bank's vaults. The bank collects and passes along to ADR holders dividends for those stocks that

Many of the new ADRs reflect global corporate trends. The merger of Britain's Guinness PLC and Grand Metropolitan PLC produced Diageo PLC. From Gertries to list depositary receipts because of a reluctance to meet U.S. accounting regulations, came Veba AG, the electric utility, and Hoeschst AG, the chemicals

and pharmaceuticals company. Privatizations have created a host of new depositary receipts, ranging from Electricidad de Portugal to Ente Nazionale Idrocarhuri SpA, Italy's petroleum exploration company; ADRs for newly privatized telephone compa-nies include Matav Rt. of Hungary, the Australian telecommunications company Telstra Corp., France Telecom SA, Portugal Telecom SA and Hellenic

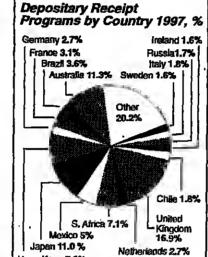
Telecommunications Organization SA. Emerging markets are among the biggest participants in the ADR universe. Investors who favor more exotic opportunities can now buy dollar-denominated shares in companies such as Arab Potash Co. of Jordan, China Eastem Airlines Corp., and Kazkom-merzbank, Kazakhstan's biggest finan-

Trading activity in ADRs and global depositary receipts is undergoing a growth sport as well. Volume hit 15 billion shares in 1997, a 23 percent increase over 1996, and dollar value leaped to \$555 billion, a 53 percent increase over the previous year. (IHT) For further information:

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Stability and Reform Buoy **Brazil Amid Asian Tumult**

Hong Kong 7.9%

Political stability and strong commitment to reform will support Brazilian shares despite emerging-market tur-moil, according to Latin American fund managers based in London.

Investors also applauded President Fernando Henrique Cardoso of Brazil for taking the necessary steps to protect the economy against fallout from the Asian financial crisis.

At the height of the Asian morass, the Brazilian government tightened both fiscally and monetarily to stem speculative

attacks on its currency — but at a price.
"That has reduced growth prospects
and we are expecting GDP to be down this year to between zero and 1 percent, from 3-3.5 percent last year," a Latin American investment strategist said. Still, investors believe that Sao Paulo's Bovespa stock exchange offers good value.

"We believe the markets are cheap because not everybody is convinced" of the reform agenda hy the Brazilian government, the manager added. "But short of a financial meltdown, the government will go through with its privatization program.'

Invesco Asset Management Ltd. was underweight in most sectors, but overweight in the electricity and telecommunications areas, which are being

But fallout from Asia could still be a problem. "Reforms seem to be working, but if there is a setback in Indonesia. the whole emerging-market sector could head south," a Latin American economist said.

Mr. Cardoso is seeking re-election in October and investors believe that a victory by him would be "a mandate for further reform," according to Philip Ehrmann, head of emerging markets for Gartmore Asset Management Ltd.

We have been very encouraged by the program of the past two to three years under Cardoso and the real plan has been an unequivocal success," he

said. "We are beginning to see the results. The current-account problem has been reined in and the trade numbers are better than expected."

Gartmore was overweight Brazil, slightly overweight Mexico and under-weight Colombia and Venezuela because of low oil prices and their less-stable politics, Mr. Ehrmann said.

"Brazil has performed very well over the past few years and the stock market is among the cheaper assets in Latin Amer-ica," he added. "Telecoms, electricity, pulp and paper have been recognized as standing at attractive valuations."

Fidelity Plans Direct Sale Of New Fund Line in Japan

Fidelity Investments, the largest mu-tual-fund company in the United States, is to start direct sales of funds in Japan next month, hoping to attract more of the 1,200 trillion yen (\$9.28 trillion) in financial

assets held by Japanese individuals.

Boston-based Fidelity, which now offers six types of funds through Japanese banks and brokers, is awaiting approval from Japan's Finance Ministry for a new line of funds that it will offer directly to the Japanese public, said Teri Kilduff, a spokeswoman at Fidelity Investments Japan Ltd.
"We're looking forv

full line of services to customers in Japan through multiple channels," she said.

Fidelity and other fund companies hope to persuade the Japanese to stash less cash in low-yielding bank accounts, where they keep 60 percent of their money. That is three times the rate of U.S. investors. Japan's 40 trillion yen mutual-fund industry is about one-tenth the size of that in the United States, and is smaller than the \$605 billion managed by Fidelity alone.

Fidelity has amassed about 79.1 billion yen in Japan through investment trusts, according to the Investment Trusts Association. Investment trusts are akin to U.S. mntual funds.

Through direct sales, Fidelity will bypass the hig domestic brokers like Nomura Securities Co., which have virtually monopolized fund sales in Japan, and the banks, which are expected to receive permission this year to sell funds in their branches. Fidelity will also continue to sell through banks and brokerages, Ms. Kilduff said.

Fidelity will not be the first foreign company to attempt direct sales in Japan. Mercury Investment Trust Management Co. started direct sales in June 1996 and Invesco Asset Management (Japan) Ltd. began direct sales about two years ago, officials at the companies

Among foreign fund companies in Japan, Goldman Sachs Investment Trust Management Co., which intro-duced its first fund in Japan in June 1996, has gathered the most cash, with about 738 billion yen, according to the Investment Trusts Association. Alliance Capital Investment Trust Management Inc. of the United States is next, with 423 billion yen.

'Mudslinger' or Market Purist?

Short-Selling Broker Views Himself as a Crusader Against Fraud

By Leslie Eaton

ATANISM HAS a better reputation in financial circles than short-selling — the practice of betting that stocks will fall. Although short-sellers say, with some justice, that they are often on the side of

the angels when it comes to investing, they have a few things in common with devil-worshipers: They loom larger than life in the popular imagination. They are blamed for natural and man-made disasters. Above all, they tend to conduct their activities in secret.

But not Manuel Asensio, Far from sticking to the shadows, Mr. Asensio, the proprietor of a small brokerage firm that bears his name, actively courts the limelight. He publishes his research on the Internet and even puts out news releases announcing his "sell" recommendations,

Recently, Mr. Asensio has taken to writing letters to the mutual-fund companies and money managers who favor the companies he pans, accusing them of manipulating stocks or breaching their duty to their shareholders. In December, he went a step further, asking New York City's pension fund to . dismiss a money manager for investing in a company that has been accused of stealing its products from a rival.

All of which is making even his fans wonder if Mr. Asensio's tactics are a bit ont of control. His critics and targets not start out on the short side - one of use terms like reprehensible, hysterical, outrageous and loathsome. Mr. Asensio is unbowed. "I have an

inability to tolerate improper actions," he said recently. He is proud of his accomplishments and of his profession, which he describes as a "free-market solution to persistent stock frand."

re-igniting the debate over short-selling and the role it plays in the stock market.

stock market. Amateur investors are often particularly drawn to the world of . small-capitalization stocks, where the look at the company's management, most promising new companies are and the way it had acquired its techpoised — and where the most damaging scams and hype occur. Regulators tend to take short-

salt, but do not discount them entirely. The shorts "are not simply market a huck," said William R. McLucas, director of enforcement for the U.S. Securities and Exchange Commission. That said, in a number of instances short-sellers have identified bad companies, and you can argue that they have performed a public service." While the stock market has risen

about 20 percent a year since 1993, the typical short-seller lost more than 14

Account Reports/Hedge, which tracks private investment pools. Short-sellers borrow stocks from

their owners and sell the shares, hoping to buy them back at a lower price, pocket the difference, and return the shares. The shorts take the risk not merely that the shares will rise, but also that the original owner will demand them back at an inopportune time.

Even in favorable (i.e., falling) markets, a certain degree of self-confidence - even self-righteousness - is probably a necessary part of every short-seller's psychology. These are qualities Mr. Asensio has in spades. Born in Cuba, he came to the United States in 1961 at age 6 and grew up in

Brooklyn, He graduated from the Whar-ton School at the University in Pennsylvania and worked for several years in Venezuela before returning to the United States to get a master's degree in business administration from Harvard in 1982. It was there that he bought his first stock. "I was hooked," he said.

After he got his securities license, Mr. Asensio was affiliated with more than a dozen firms before he founded Asensio & Co. in 1993.

His firm's license from the National Association of Securities Dealers initially limited the amount of trading he could do, a limit he quickly surpassed. He settled an NASD complaint in 1994 and paid a \$7,500 fine. Mr. Asensio did his first reports for his new company was a bullish analysis of Coca-Cola Co. For the most part, he said, be practiced what Wall Street calls risk arbitrage, betting on the outcome of takeovers and mergers.

Bot in 1996, Mr. Asensio became involved in a battle - over Diana Corp. - that would change his life. Diana, a The controversy over Mr. Asensio is none-too-successful meat distributor. suddenly announced that it was in the telecommunications business and was The stakes may now be greater than somehow a play on the Internet. The ever, as record sums pour into a soaring stock soared from under \$16 a share to more than \$100 in three months.

But skeptical investors took a hard nology. Short interest in the stock the oumber of shares borrowed and not returned, which can be a rough measellers' claims of virtue with a grain of sure of how negative investors are on a

stock -- shot np, too. Mr. Asensio told investors to short purists - they're basically out to make the stock in early June 1996, contending that it was "grossly overinflated."
In October, he did something radical and remarkable: He opened a Web site to publish an engineering study of Diana's technology.

Short-sellers normally stay underground because they fear losing access to a company's management and, perhaps, becoming targets of a dreaded "short squeeze," in which companies

percent a year, according to Managed try to get their shareholders to call back borrowed stock. In any event, a widely publicized short becomes difficult to execute, short-sellers say, because it becomes hard to borrow shares.

Mr. Asensio called worries about squeezes "paranoid," and he manages to get information by using analysts who are not in his office and do not use. his name. His motives are also a little different from many short-sellers who manage investment pools; he has a small fund, he said, but makes most of his money from trading for his own account and from commissions on trades sent to him by institutions, where his high profile may be an advantage.

But his main motivation, Mr. Asensio said, is that he wants investors to understand his reasoning. "It is a problem, the fact that short-selling research is not transparent, uot widely available, not widely discussed," he said. "If it's all done verbally, with nods and innuendo, then it can be held up to ridicule."

Diana quickly retaliated, issuing a

news release contending that Mr. Asensio had tried to bribe analysts toissue negative reports on the company, which he says was a trumped up accusation designed to push up the company's stock. Diana went further, he'. said, digging up a quarter-million-dollar judgment that an ex-client had gotten against him in Florida in 1989. The judgment against Mr. Asensio was hy default, meaning that the plaintiff, Norman Murphy, won because Mr. Asensio failed to respond.

Eventually, Diana collapsed, the stock was kicked off the New York Stock Exchange, and now trades over-thecounter for less than \$5 a share under the name Coyote Network Systems Inc.

The fiercest battle Mr. Asensio has waged is over Avantl Corp. The com-, pany was formed by former employees of its chief rival. Cadence Design Systems Inc., which in 1995 sued Avant! and its executives for theft of trade secrets, an accusation Avant! denies. A federal indge has issued a temporary restraining order prohibiting Avant! from selling some software, which the company says it had discontinued in any event.

In Aogust, Mr. Asensio said the market was not taking Avant!'s legal troubles seriously enough; since then, the stock has fallen from as high as \$35 a share, to about \$15.

What really stirred things up were Mr. Asensio's letters to some money-management firms with investments in Avant!, accusing them of recklessness in buying the stock, a charge they deny. He then wrote to New York City's pension fund, telling it that it should dismiss Amerindo Investment Advisers for risking retirees' money on Avantl. The fund continues to employ Amerindo, which still owns about 20 percent of Avant!.

New York Times Service

THE WORLD'S

COMPANY SPECIALISTS Since 1975 our worldwide isam of over 275 multi-disciplined professionals have

A Ride on High-Flying Airline Stocks

Continued from Page 15

plarly over the years," he wrote. "But despite the expansion of revenues — at a pace even greater than in the computer industry — a com-bination of technological problems and overexpansion

of capacity made for fluctu-ating and even disastrous profit figures." Profits drive stock prices, and rising sales do not always translate into rising profits.
That has certainly been the
case with airlines, which, until recently, have barely been able to eke out a decent living.

years from 1987 to 1993. As run by Julian Robertson, now

averaged \$50 million annually, or just 0.5 percent of sales.

During the bull market of the past 15 years, the Standard & Poor's 500 stock index has returned an average of 18 percent annually, but Delta has returned just 8 percent and AMR Corp., the parent of American Airlines, 11 percent.

Bot, recently, because of the changes cited by Mr. En-gel and Mr. Rosenberg, investors have started bidding up the prices of airline stocks. US Airways is the big story. its stock has more than tripled in the past year, attracting For example, UAL Corp., in the past year, amazing parent of United Airlines, lost some heavy hitters. Tiger money in four of the seven Management, the hedge fund

recently as 1995, it had a negative net worth. For the decade pany; George Soros, the most percent, Northwest, 59 percent. "It was, of course, easy to forecast that the volume of air belta, long considered the thark over the forecast that the volume of air belta, long considered the thark over the forecast that the volume of air belta, long considered the most solid carrier in the skies, that the volume of the forecast that the volume of air belta, long considered the most solid carrier in the skies, the most solid carrier in the skies, the forecast that the volume of air belta, long considered the most solid carrier in the skies, the forecast that the volume of air belta, long considered the most solid carrier in the skies, the most solid carrier in th cent of Continental, which is up 97 percent in the past 12 months. In that period, AMR last year. But are thes up 97 percent in the past 12 months. In that period, AMR

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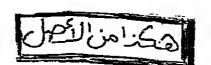
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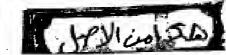
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Fashion

Lagerfeld's 'Cosmovision' a Winner for Long-Line Chanel

By Suzy Menkes

ARIS — A powerful collection from Chanel on Friday, spanning the divide between Coco in the 1920s and the year 2000, has laid to rest one of fashion's most persisteot myths: that a designer can serve two masters.

Since Karl Lagerfeld stopped trying to be a fashion superhero doing four collections each season, he has come back on track. Or maybe Lagerfeld has just played it long. If so, the sleek collection of pencil-stroke skirts and fragile jackets that he sent out oo Friday proves just how smart he is.

Showing in the clean, white space that will be the auction house Christies' Paris headquarters, the models walked out in slender, graphic clothes, topped and tailed with helmet-cloche hats and white ankle boots and with a new space age capsule of a purse. The daylight that illuminated their coiled braids and showed the outline of their legs through the featherlight tweed skirts, reinforced the impression that, although there were references to the flapper years, those clothes could have walked outside.

'Cosmovision' was Lagerfeld's take on what he called a Chanel evolution. Occasionally, the elongated cardigans or three-quarter checked tweed coats over the ankle-length skirts may have looked like Bloomsbury revisited. but featherlight mohair or chiffon made the long line supple and graceful. And nsing the pleats that are a strong trend of the fall season. Lagerfeld galvanized the bourgeois Chanel suit. He used stitched pleats for jacket or long skirt and for belted coats. Each was a winner.

"I started hy thinking of Chanel in her white helmet in the 1920s, then the white boots to give a freshness to the fluid silhouette. Lagerfeld said. The skirts are very light and comfortable.

They are the opposite of constricting."
With the long silhouette the designer was prolific and inventive, especially for the many jackets with gently flaring sleeves. Although the color palette was mostly quiet, there were some juicy berry purples in mohair. Then there were the dresses, sapling slender, and tied at the back, or cut like a shirt.

Even the Chanel logo, which Lagerfeld has recently treated as an embar-





heady mix of libertine sexiness with art

and craft. Linear patterns inspired by

Gustav Klimt paintings gave a decor-

ative spine to the sinnous silhouettes.

Chanel's jacket and long-line skirt with helmet hat and space age boots, and Galliano's lingerie flapper dress.

rassment, was rethought and modernized, as double Cs on dull silver buttons, as paint-brush letters oo a trench raincoat or even worked in black lace.

Among the chic evening looks, none was so lovely as the cream satin shirts over long black skirts. They reeked like a classy fragrance of Chanel.

It is now obvious that the idea of the designer mercenary that Lagerfeld launched was really a nonstarter. No designer - bowever intelligent and creative — can atomize a design personality. It is a plus for fashioo that Lagerfeld now has a clear focus.

The perils of straddling two houses was pointed up when John Galliano sent out a strong show for his own label, in which he managed far more successfully than in his earlier Dior line to capture his spirit in ready-to-wear.

Galliano's deliciously decadent cabaret show — all corsets, feather boas and fishmet hose (and that's just for the male extras) - brought out the best in the designer. The clothes were light-handed, the mood lighthearted and behind the Fellini-esque far ladies and the cascade of soap bubbles and banknotes, was a sumptnous collection of intricately crafted pieces. But they weren't any oew departure for Galliano: His bias-cot and flapper dresses are now classics and the Paul Poiret-style coats were makeovers from January's Dior conture.

Imagine Vienna of the Weiner-Werkstatt and the Weimar eras, as filmed by Visconti, and you get the blue-stocking types invading the louche scenario to distribute a "Fashion Manifesto," stating: "We believe in the cel-ebration of the female body! The symbiosis of abstraction and ornamentation! The cult of manual and applied techniques! Sex! Poetry! Romance! Glamour!"

The show opened on a witty note with

Galliano delivered just that with his collection of primarily evening clothes, always with subtle effects of Symbolist print on velvet, appliqués on lamé, lacy knit stitches or chiffon decorated with geometric rhinestones. The cocoon coats still looked melodramatic, but a perfectly executed riding coat and suits with sparrow-small bodices and slim skirts were just dressy daywear.

Of course it was retro, in that everything is retrieved from fashion history. Occasionally, the show descended to camp theatrics. But Galliano, on form, knows how to manipulate images from the past, giving them a modern edge. The show had the sense of controlled opulence and elegance that was so lamentably absent from Dior.

Seeing the problems of designer mer-cenaries who work both for their own labels and as hired hands, the strategy of LVMH Moet Hennessy Louis Vuitton has been to invest in the fledgling designer companies. This is the case for both Galliano and Marc Jacobs, the designer for Vuitton.

Bot the departure, announced Friday, of Francois Baufurue as president-CEO of Christian Dior will deprive Galliano of a fashioo manager who has reorganized his tiny company and tripled its annual turnover. Baufume's position will be taken by Sidney Toledano, his

former deputy.

Baufume was formerly owner of

Kenzo and was responsible for turning that company into a successful brands Although Kenzo Takado himself took a bow at the end of his show Friday, the house no longer has a creative edge. The staging was fun, with an Orient Express train set, from which models emerged in well-tailored tweed pantsuits and travel coats, before going off into a welter of Oriental outfits at night.

After years of hand-to-mouth exist-ence, Vivienne Westwood is finally building a brand. But all she seems to sell these days is sex. Friday's show suggested that it had become not so much an inspiration as an obsession, as models came out first in pull-you-in and push-you-up knitwear, then curvaceous tailoring when appliqued arrows pointed to bosoms and rear to emphasize that everything was cut on a dangerous curve. Westwood used to peddle sex and sedition, but that subversive element,

was missing from a long, slow show. The appearance at Jeremy Scott's show Friday of Mariano Puig, whose Spanish perfume house has bought Nina Ricci, fueled rumors that the 24-yearold American from Kansas City is in line for the Ricci job. Puig, who was sitting with fashion kingmaker Isabella Blow, who discovered Alexander Mc-Queen, confirmed that there would be changes at Ricci. But Scott's all-gold show of cape dresses, skirts morphing into pants and winged mink jackets sug-gested a talent in tight bnd.

The British designer Deborah Milner confirmed Friday that she had signed a contract to work with Versace.

SUZY MENKES is fashion editor of the International Herald Tribune.

Clothes for a 'See Me' Generation When Dressing to Look Different Is the Rule

By Katherine Knorr

ARIS — Here's one of those questions that sets fashion executives' teeth. oo edge, like "Does anybody really wear that stuff?" and "Why don't these guys ever make clothes for real people?" This is the question a lot of parents and other non-fashioo-world people ask: Why is what the kids want to wear so damn ogly?

Sure, there is plenty of room for differences of opinion about what is ugly and what iso't, but the truth is certain things that can be called fashion - and that



have gone from the street to the runway and in some cases back and forth a few times -

The most egregious ex-ample is probably the late '90s version of platform shoes, which are not the platforms of the '40s or the '70s. which were clunky and heavy but not ugly. The late '90s version has many subcategories, but the most visihle one is shaped like something you might expect to see on transvestite streetwalkers. Then there is the super clunky pump with flared out heel, and the platform combat boot, which you have to hope the Marines

aren'i going to adopt.
The ultimate '90s version of the platform shoe is the elevated track shoe, often in funny colors or with stripes of cheap patent leather, usually worn by girls in extremely tight jeans, the kind that have zippers at ankle level. The combination makes even pigeon-toed girls look knockkneed, and the ultimate irony is that this actually makes athletic shoes dangerous.

Then there is the ring in the eychrow or the lip, or tongue studs. Nose jewelry - well. it's got to have a name. doesn't it? - has a long and

In-your-face clothes are meant to show individuality.

admirable pedigree in certain countries and doesn't look too bad, but eye-

Punks were especially ugly. And then there's the neo-'70s look. Now the '70s were a pretty ugly period, as late fanatics of "The Brady Bunch" should be able to attest to. Hiphugging bell bottoms looked bad on most people who wore them, especially trying-to-be-cool college professors; in fact, they really only looked good on Charlie's Angels types, but then everything looked

brow jewelry? It's the de-

scendant of punk safety pins.

good on them. Today, we're getting stretch polyester bellbottoms worn with platform athletic shoes, short, above-the-navel tops and flared-at-the-waist velveteen jackets with a vague nod to British rock stars. Ugly.

wrinkled-material, skirts made of the kind of polyester that has taken over the track suit market in Europe, outfitted with combat boots or Doc Martens or whatever. Sometimes the boots aren't tied up all the way and, so, manage to look like the brogues those unfortunate Appalachian women wear in classic American photographs from the Depression.

Then there are long sheer, or

This is the nltimate irony of course. You have heroin chic, which despite what the magazines say, hasn't gone away, and lesbian chic, which is vaguely androgynous and particularly heavy on startling and greased-up hair colors, as short as possible, and you have Appalachianpoor chic, a kind of false asceticism in lands of plenty and at amazing prices. Without wanting to go so

far as the old hemline vs. the stock market analysis, and leaving aside the fact that fashion, as a business, has to renew itself year in and year out, there is no question that fashion both inspires and reflects its era.

UCH of high fashion is magnificent, witty, imaginative, million good things, but the eye of the beholder is overwbelmed these days by ugliness, on and off the runways; this frenetic anti-aestheticism is, and is meant to be, in your face.

It's an attempt to be "interesting," to "stand out" in a world where so much is ugly, notably advertising, which has cleverly managed to make itself indistinguishable from pop cultural "product":

From the rock video to the fanzines to the campaigns of certain ready-to-wear compa-nies, advertising and "perfor-mance" long ago became one

mance long ago became one and the same.

This is not an isolated phenomenon. As fashion and contemporary "art" have clung to each other as a withit combo (viz the art-andfashioo exhibitions), they have developed a kind of posider ugliness, as though the kid who never got chosen for the baseball teams grew up and took over the world.

Dressing in a particularly ugly manner is saying, "I'm oot like everyone else. I'm my own person. I'm a freak, therefore cool, therefore an artist." It's politically correct in the extreme, and in that way of course it is totally ironic: There is nothing individual about this ugliness. (call it follow-the-leader u.k. dividualism), just as there is nothing individual about the silly and tasteless "installations," "video art" and the personal display that gets called performance art or relies on bodily fluids to make some kind of neurotic statement. The stud on the tongue is the nail in the canvas, the 'hlood'' on the performance "artist." See me, hear me. This is the new Me gener-

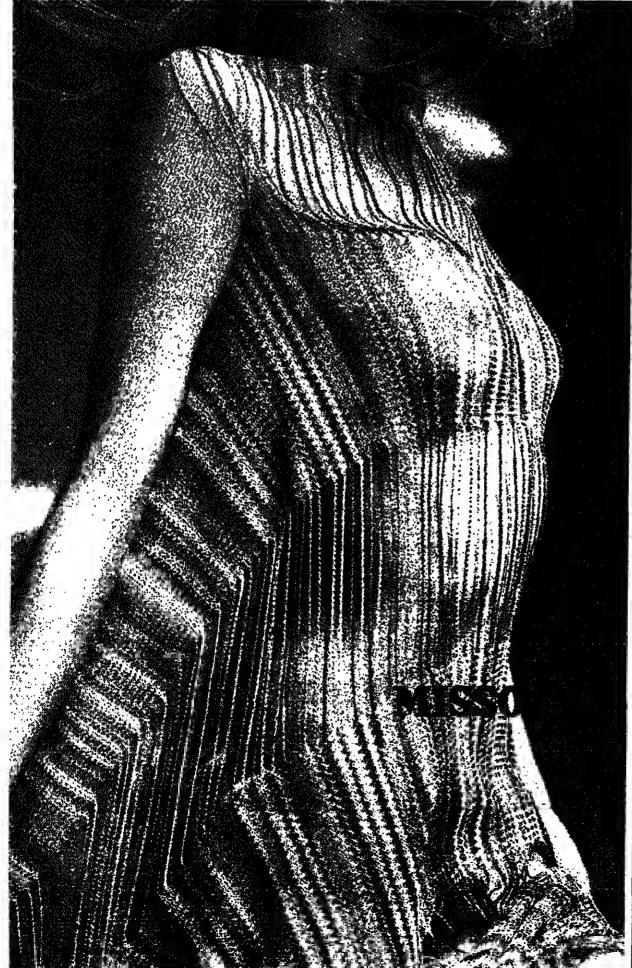
ation with a vengeance. What is it that ugliness is a reaction to? Certainly not to femininity, which for the most part is more than alive and well on runways and on the street. But it is a reaction to the idea of order, of har-

This is the ngliness of blaring neo-Nazi music, and the ugliness of strident "victim art." This is, maybe, the millenarian shadow - this time of doubt and fear as the world seems to get ever more complicated and abstract filtered through the popular culture, which can grind up any Big Problem and turn it into a ditty.

It's almost impossible to ask whether ngly is sexy. All young girls can of course get away with a lot more than their big sisters, and a pretty young girl can pretty much get away with anything.

Still, the Spice Girls, who are neither particularly young nor particularly pretty. are "sexy" because they show a lot of skin and move around lasciviously, under the direction of male svengalis. The overwhelming ugliness of their clothes is perhaps the only true thing that backs up their silly no-tion of "girl power." We dare to wear this stuff, we must be Strong Women.

KATHERINE KNORR IS deputy editor of the Inter national Herald Tribune



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FASHION / A SPECIAL REPORT

New York's Specialty Shops Bounce Back With Trendy Lines

By Jennifer Steinhauer

EW YORK — If you find yourself in New York in need of an Armani suit, chances are you'll hit one of the many

department stores uptown.

But if you're in search of weekend looks from designers of hip contemporary lines, you'd be best advised to stay south of 14th Street, where several little specialty stores have been flourishing over the past 18 months.

The bust years of the early 1990s sounded the death knell for many specialty stores that hawked high-end designer duds, and Charivari, the last of that generation, recently filed for Chapter 11 bankruptcy protection.

But the newest incarnation of New York specialty stores are offering something different — mostly small American designers with downtown sensibilities in both their aesthetic and prices, with few items crossing the \$300 mark. They are run by young owners -many fashion company exiles them-selves — who are often found on the sales floor helping customers.

The first out of the gate was Stefani jacket with a pair of designer pants," Greenfield, who opened Scoop on lower Broadway in 1996. Greenfield, high end, hut I would also go to the East formerly of Donna Karan International. offers some of the better known names in young American designers, like Chaiken & Capone, Daryl K, Tocca and Katayone Adeli, as well as a smattering of D&G, Donna Karan's "D" line and Diane Von Furstenberg's famous wrap

Scoop, which recently opened another branch on the Upper East Side, is really like a heavily edited mini-department store. "The whole concept was, 'How can I make a store like my 'said Greenfield. "It is all item driven. One week, I might huy by color, another week by classification. My store is where you go when you have a date at 8 P.M. and you need something

Another store that was inspired by its owner's closet is Spooly D's on Bleecker Street. Julie Meizels elegantly displays her favorite young designers on one side, and a collection of vintage clothing and accessories on the other. "I like the idea that you can mix a vintage Village and hop on a pile of dresses."

Look here for Wink, Trina Turk,

Katayone Adeli and drozdzik as well as vintage beaded pocketbooks, dresses and the occasional well-worn Chanel

The truly trendy should head for TG-170, hidden on Ludlow Street on the Lower East Side. This is where you will find this season's clam diggers, techno-colored shifts and double-slit skirts. There are also lots of cute bags to compliment the clothes, (though my hus-band did sniff that \$150 seemed an awful lot for a bag constructed from truck tarpaulins).

If vintage is your thing, you should stop in Shine, down the street from TG-170. Most vintage stores require heavy digging and stamina to ferret out treasures - this store is set up more like a small specialty apparel shop, with all the goods neatly organized and displayed. On a recent Saturday, a \$30 cozy gray cashmere cardigan was found on the sweater rack; among the lingerie was a

lovely magenta silk camisole for \$18.

Appealing to the softer side of fashion cravings is Calypso St. Barths, a tiny hit of Paris in lower Manhattan. This is where light fabrics and beading rule, as well as raw silk, tiny sexy T-shirts and the girly looks of Only Hearts. Paul & Joe and Min Lee are some of the harder-

to-find designers offered. Not far from Calypso is the Dressing Room, housed in the sort of space you might miss if you hlink while walking by. The selection is tiny but fairly original. The recent offerings seem beavily informed by the current athletic and techno-phase. To wit: neon pink shells, be happy you brought her.

Steven Alan is operating his eponymous store in SoHo in a way that almost guarantees exclusivity with some small. hip lines — he also represents them. Again the store resembles the closet of one of your best-dressed pals — hlack knit pieces by People Used To Dream About The Fitture, three-quarter inch sleeve shirts by Cake, a sweet black acetate sweater with black pearls by the

Los Angeles designer William B. Small designers, who often do not have the resources or patience to do

drawstring pants and little lines like business with department stores, which United Bamboo. Your 14-year-old will ask them to kick in advertising dollars and buy back merchandise that does not

sell, feel at home in these tiny stores. "I love these stores," said Sean Barron, co-owner of Katayone Adeli, the poster girl of these small downtown stores. "The people who work in the stores are the customers, the people who own the stores work there. It is not about gross margin and advertising dollars in those stores. It is about being excited about the merchandise.7

JENNIFER STEINHAUER covers retail for The New York Times.

Savvy Buyers Sidestep Asia Crisis

By R. Jane Singer

ONG KONG — The regional currency crisis has pul a new spin on sourcing. Nine months ago, the formula was South Korea and Taiwan provided high quality production at equally high prices while China and Indonesia offered better prices but lacked sophisticated production skills, Buyers only had to decide at what point they would trade off better practices for better prices.

The apparel industry has kept huyers searching for new sources of good quality merchandise at competitive prices, This has resulted in a move away from developed countries such as Taiwan and South Korea, whose high labor and rental costs coupled with strong currencies pushed garment prices out of reach of most manufacturers.

When the Asian currencies crashed last fall, casual observers thought that buyers would come flocking back to traditional Southeast Asian sources.

It is widely believed that, since exported apparel is priced and paid for in U.S. dollars, factories in Indonesia, Thailand, Malaysia and South Korea must be benefiting from domestic labor and rental costs being relatively cheap.

Rather than this being a bonus for the factories, savvy buyers are using this to put pressure on price discussions.

But price is not the only factor influencing sourcing decisions. Quota availability, production quality and re-liability of deliveries are also critical elements. The countries whose currencies have fallen the farthest are now also the most unstable. As a representative for one Hong Kong buying office said, 'You have to be able to sleep at night,' referring to the nightmare of placing orders with a factory that subsequently

fails to deliver. "We're not doing anything differ-ently at this point," said the director of one of Hong Kong's largest buying agencies, who asked not to be named. His company is still doing business in many of the countries that have experienced currency devaluations, but they are monitoring the situation closely. The concern is about instability - whether work stoppages will cause orders to be delivered late or not at all, and whether factories can finance fabric purchases.

According to Anthony Alfieri, di-rector of Fila Sport (HK) Ltd., buyers do have an advantage. "The currency devaluations have put the old guard on the same playing field as the newcomers," he said, pointing out that Taiwan and South Korea are now more competitive newspaper Inside Fashion.

with their developing neighbors.
The currency devaluations have created an even stronger huvers' market, he said, because buyers can get good quality garments and focus more fiercely on price and delivery. Alfieri said that everything in the export markets "is based on turnaround time and inventory management. Buyers can now concen-

about price and quality." In the last five years Fila hadn't placed a lot of orders in Taiwan or South Korea, but now they are taking a closer lonk at those countries.

trate on those things instead of worrying

The real gain for buyers seems to be in the countries whose currencies have remained stable. Scared that they will lose orders to their low-cost neighbors, factories in these nations feel the need to be more competitive.

However, hig buyers can't shift production around that fast just to take advantage of short-term price changes. They need a continuous flow of merchandise and rely on long-term relationships with factories to ensure steady de-livery of high quality goods. Most large sourcing operations are therefore besitant to move away from trusted suppliers.

R. JANE SINCER is based in Hong Kong, where she is editor in chief of the



Mad Rush to Open Up in Milan

By Lucie Muir

ILAN - Though it may lack the bustle and bustle of New York or London. Milan is waking up and reestablishing itself as a major fashion capital with a retailing force to be reckoned with.

A surge in the number of new monolabel stores is taking the city by storm. So much so that its famed "Golden Triangle" shopping district, which spans the Via della Spiga, Via Moutenapoleoue and Via Sant' Andrea, has had to change shape in order to house new stores from Miu Mui, Dolce & Gabbana, Callaghan, Christian Lacroix, Costume National, Gai Mattioli and Gianfranco Ferre.

But it does not end here. In the coming months, shoppers can expect mega-stores from Jil Sander, Antonio Fusco and Gianfranco Ferre, flagships from Rushdi Malhas and Mandarina Duck, and stores to house jeans collections from Armani and Trussardi.

There's an exciting new energy in Milan with top designers showing a strong desire to be seen as good retailers," said Andrea Ciccoli, a fashion consultant at Milan-based Bain, Cuneo and Associates. Ciccoli also noted a number of new names opening fancy boutiques in the hridge niche.

'Newcomers are a lot more attentive to retail. They have strong strategies and see a store as a means to be closer to the customer." he added. Even established mono-labels are feeling a need to stay ahead of the competition hy opening new stores. Ferre, in addition to the latest Gieffeffe

store, will inaugurate a store on the Via Sant' Andrea this fall. "Today it is fundamental for a mooo-mark to have a suitable, wellequipped space, designed in a way which gives the public a global view of their style and products," said Ferre.

When Antonio Fusco opens shop on

women's lines as well as evewear.

leather goods and shoes. The German designer Jil Sander sees Milan as the best place to expand her global store network. Her first Milan flagship will be unveiled in August on the snug Via Verri. Here men's and women's apparel, accessories and perfume will be displayed on two floors, designed by the American architect Michael Gabellini.

The move to Milan has been long overdue," said Sander. "Milan has become a very strong fashion place in Europe and the location at Via Verri will be an ideal platform to be present

Real estate in the heart of Milan is expensive. But having a store in the historic center is seen by designers as an important investment that offers a guaranteed commercial return.

When Toronto-based makeup specialists, M.A.C. opened its flagship on the swank Via della Spiga three mouths ago. Frank Toskan, company co-founder and creative director, felt the financial pinch but agreed it was a worthwhile investment.

Toskan said, "Opening here was extremely expensive, but we bave never missed an opportunity as big as this just because of money. We wanted our store in Milan, which aside from its vibrant energy, has always had a hig demand for our product."

Those in search of more value and space for their money are moving to the Corso Venezia, where large palazzos mix in with modern office hlocks. Here the new Miu Miu store was recently inaugurated in what was once the exclusive Santini restaurant. The perky spring collection is matched

by a young staff of 20-somethings. However, Lucia Viola, the store manager at Miu Miu, said, "Even though the product has a younger image these days, we're seeing a more mature clientele — women between

the Via Sant'Andrea at the end of March, it will feature both men's and who are wearing more adventurous who are wearing more adventurous

styles. Just across the street is the new Dolce & Gabbana Accessories store. The store's frosty decor of granite floors and open ceiling lights is warmed by a single red velvet wall and leopard-print covered thrones for customers to slip on the latest sexy kittenbeel pumps. According to the store manager, Giuseppe Manieri, the store is attracting 18-25-year-olds "with a lot more spending power and a strong interest for mono-labels.

Speaking on behalf of the design duo that makes Dolce & Gabbana, Stefano Gabbana, said, "The best thing about the Corso Vetiezia is its central position, its notable movement and the fact that all our stores are in the

nearby vicinity."
These days Milan means minimal in all areas of design from furniture to clothes. Judging by Milan's seasonal runway shows, Italian fashion continues to be sleek and simple, made with precious natural fabrics in ethereal tones. To reflect the no-fuss looks, designers and architects are furnishing new stores quite simply.

Minimal store interiors are nothing new to the Italian architect Giorgio Longoni, who is responsible for designing Browns in London, Genny, Valentino and Byblos and Callaghan's new store in Milan.

'In design terms, interiors are just as they were when I began designing in the early '70s. While the big designer stores want minimal looks, it is interesting to see that smaller boutiques are looking for cozy interiors with wooden fittings and carpets."

Though Longoni thinks mono-labels have exasperated the minimal look in Milan, he sees the trend continuing with the addition of softer materials and warmer colors.

LUCIE MUIR is a fashion writer based in Milan.



(DE las IVA)

France Meshes Old and New to Create a Super-School

ARIS — The days when budding designers in France learned their trade picking up pins in the conture house atelier are over. Faced with increasingly stiff European and international competition, French chools are beefing up their curiculums. Internationalization, multidisciplinary study and fashion business

are the new mantras. A new super-school for fashion in Paris is in advanced planning stages, and should unite the best of old and new France. The yet to be named school will fase the prestigious but dusty Ecole de la Chambre Syndicale de la Couture Parisienne with the dynamic IFM (Instint Francais de la Mode) and several other design schools.

"A fashion education today must encompass everything it takes to create a product, including graphics, packaging and image — technique alone is not enough, said Jacques Mouclier, president of the Chambre Syndicale de la Conture Parisienne which oversees the Chambre school.

Didier Grumbach, IFM dean, president of Thierry Mugler, and head of the commission for the new school, said, "The fashion education opportunities in France are excellent, but chaotic. We want a unified standard for each dis-

Finding the right place to study fashion in France is complex. From intimate programs that zero in on the creative process like Paris's Studio Bercot to the Chambre Syndicale school, the bastion of haute technique and the alma mater of Yves Saint Laurent, the programs tend

dard upon graduation.

France has lacked a hig fashion in-stitution that oovers all the bases like New York's Fashion Institute of Technology, or a creative powerhouse capable of turning out future stars like London's Saint Martins, or Antwerp's Royal Academy of Fine Arts.

Luxury is another matter. LVMH Moet Hennessy Louis Vnitton and Cartier have each joined forces with top French business schools to turn Paris into the world's capital for a new specialty: luxury management.

Sup de Luxe, the Institut Superieur de Marketing de Luxe, created by Cartier in 1990 in association with the Ecole des Cadres, and an MBA in luxury started by the husiness school, the Ecole Superieur des Sciences Economiques et Commericales (Essec), in partnership with LVMH in 1995, put small groups of international students with top luxury executives in the classroom. The schools have also created research departments to function like luxury think tanks.

IFM, the nooprofit fashion manage ment school started in 1986 and presided by Yves Saint Laurent's Pierre Berge, has given France the fashion marketing formation it sorely lacked. And the school's placement rate of 96 percent belies the lingering recession in French textiles.

IFM turns out managers with a crearive touch for France's high-profile houses, from Christian Lacroix to APC, as well as for mass-level textile producers and retail chains. "Our graduates work throughout the industry and at all levels," said Catherine Delmarle, who is responsible for IFM graduate placement and industry relations.



Students at Studio Bercot in Paris. The fashion school has a reputation for being the most creative in France.

The new ready-to-wear director at Louis Vuitton was recruited from IFM, as was the director of Galeries Lafayette's store in Berlin. There are six or seven new IFM recruits at Givenchy and the school counts graduates at Comme des Garcons and Ralph Lauren and in the beauty sector with L'Oreal, the cosmetics maker.

Esmod, which was established in 1841, making it France's oldest fashion school, has also expanded its horizons. It now covers the globe with 10 franchises from Japan and Norway to Tunisia and has extended its array of design specialties to lingerie and costume. In 1989, it created the Institut Superieur Europeen de la Mode, which organizes exchanges with other schools for a three-year fashion management and merchandizing program.

Studio Bercot's reputation as France's most creative school is intact, hut its laissez-faire style has evolved. In the 1980s, its director Marie Rucki realized that students needed more than great ideas and technique to succeed in fashion. She felt they should learn to project a strong personality and image.

Bercot graduates Isabel Marant, Veronique Leroy and Ocimar Versolato are shining examples of this. But Rucki quickly points out that it's harder today. We're pushing technique, trying to get students to understand how difficult a designer's joh is and that it can't be done

at the last minute," she said. Studio Bercot looks like a big design atelier and it's this intimate environment that Rucki wants to preserve. Students spend the year making mini collections often in tissue paper at the start hecause Rucki feels it loosens up those

who are intimidated by construction." Neither Sup de Laxe nor Essec's luxury MBA is devoted exclusively to fashion, but the luxury specialty means that fashion plays a hig role in the course of study and graduate placement.

What's new here is having pro-

fessionals involved in the course and not just on the board," said Michel Gutsat, who created Essec's luxury MBA in partnership with LVMH, with partic-ipation from L'Oreal, Elizabeth Arden and Estee Lauder.

'There is a French, or perhaps European, management style, uniquely suited to the luxury industry, and fashion which goes beyond the number crunching typ-ical of top husiness institutions like Wharton in the United States," Mr. Gut-

The list of Essec's luxury MBA parttime professors and student mentors reads like a "Who's Who" of high-style management. It includes Gerald Mazzalovo of Loewe, the Spanish leather goods company. Robert Bensoussan-Torres, chairman and CEO of Christian Lacroix, and Giorgio Bianchini, financial director of Valentino. Of the 20 students who graduated last October, 16 have already found jobs. At Sup de Luxe, placement of graduates is more than 90 percent.

REBECCA VOIGHT is a freclance journalist hased in Paris.

London: the Runway to Success Alumni of 2 Colleges Bestride World of Fashion

By Roger Tredre

ONDON — To outsiders.. it might seem like a conspiracy - two London fashion colleges intent on world domination infiltrate their students into the prime jobs in international fashion.

But Saint Martins and the Royal College of Art have been doing pretty well for years. It is the renewed focus on British designers that has brought their influence to the world's attention. Three of this week's must-see runway shows in Paris were the work of former Saint Martins students - John Galliano at Christian Dior, Alexander McQueen at Givenchy and Stella McCartney at

Fifteen of the designers showing on the runway in London last month studied at Saint Martins or the Royal College of Art, including virtually all the hot names -- Clements Ribeiro, Deborah Milner, Hussein Chalayan, Antonio Berardi, and Sonja Nuttall.

Why are these British fashion schools so good? Students past and present cite the emphasis on individual creativity and originality married with technical

Foreign students are lining up to join the courses, "Everyone knows it is the place to go," said Anne Bernecker, 27, a Saint Martins student from Frankfurt who completed her hachelor's degree last year. "You can learn all the basics and the tailoring in Germany, but for the creative stuff you need to come here."

Saint Martins or, to give its formal title, Central Saint Martins College of Art & Design, usually gets the higgest plaudits. Most of the stars of the modern British fashion scene have emerged from the scruffy college building on London's Charing Cross Road.

Saint Martins has its own postgradnate course, but some students opt to go to the Royal College of Art, which only

the RCA first when they have a vacancy to fill in their design studios.

*Our students may not be conspicuous, but they are the backbone of studios throughout the world," said James Park, head of the fashion and textiles school.

The Royal College of Art benefits from long historic links with the clothing and textiles industry, ranging from the International Wool Secretariat to companies such as Missoni, First-year students are expected to participate in projects directly working with industry.

By contrast, the teaching methods at Saint Martins famously defy analysis, although course heads claim the students' work is more structured than in the past. "It's not as free-wheeling as people say. We're always pushing the students for more, "said Louise Wilson, director of the master's degree program.
"But self-motivation is the key."

This politely sidesteps the truth that many students go to Saint Martins to have a good time. Even John Galliano did his fair share. "The social life is part and parcel of being at Saint Martins,' he admitted.

HE school's location, a few minutes from the bars, clubs and drinking dens of Soho, is tailor-made for temptation. In the early '80s, when Katharine Hamnett and other names of the future were hanging ont, no one did much work

Attendance at Saint Martins or the Royal College of Art is a neat way to make contacts. Some students do not stay around once they have made them. The flamboyant British designer Bruce Oldfield quit Saint Martins after just seven months. In the late '90s, the colleges are turning into fashion versions

of Oxford and Cambridge.
"Hearing about McQueen and GalROGER TREDRE is features writer for liano does make people want to be the

The Metropolitan Museum of Art purchased recently two garments de-

signed by a Parsons student - made of

that had been featured in the school's

riously," said Richard Martin, the cur-

ator of the Met's Costume Institute, who

By being located in one of the fashion

capitals of the world, the schools benefit

from being at the heart of the action.

Parsons, founded in 1896, has a designer

critic program through which prominent

professionals meet with students on sev-

also teaches at Parsons.

We take the show fairly se-

the museum's admissions buttons -

takes postgrads. From Donna Karan to Next Big Thing, "said Sarah-Blue Far-Prada, fashion houses worldwide turn to rier, 22, one of the most highly rated students on the Saint Martins master's degree program. "Here, they make you believe you can be."

Do the British appreciate what they have got? Saint Martins is better known abroad than it is in Britain, said foreign students. "When I was a teenager in the '80s, I used to read i-D and The Face, and I thought Saint Martins must be the place to be," said Mariana Botey, 27, from Mexico City. Founded in 1854, Saint Martins start-

ed out as a place where nice young people went to do genteel classes in art or illustration. At the end of the 1940s, Muriel Pemberton, a painter-turnedfashion illustrator, created a comprehensive fashion course, mirrored across town at the Royal College of Art. By the early '70s, would-be fashion designers were scrambling for entry.
Last year, 700 applications were re-

ceived for just 120 places on the Saint Martins' BA course. "We've had so much worldwide press," said Wendy Dagworthy, the course head. "It's had a hig effect on us."

Not all the press has been positive. Recent reports highlighted the pressures on the young students, particularly following a controversial decision to select only the best students for the press show during Graduate Fashion Week. Dagworthy is in her last year at Saint

Martins. This fall, she crosses town to the rival Royal College of Art, where she will be professor of fashion. Hundreds more students will be

turned away again from both colleges this summer, but college heads are reluctant to expand at too great a pace. "It would be a mistake to spread the teaching resources and expertise too wide," said Jane Rapley, dean of the fashion school at Saint Martins.





Designs by Saint Martins alumni, Robert Cary-Williams, left, and Tristan Webber last month in London.

In New York, Forming Young Talent to Feed a Booming Industry

By Robin Pogrebin

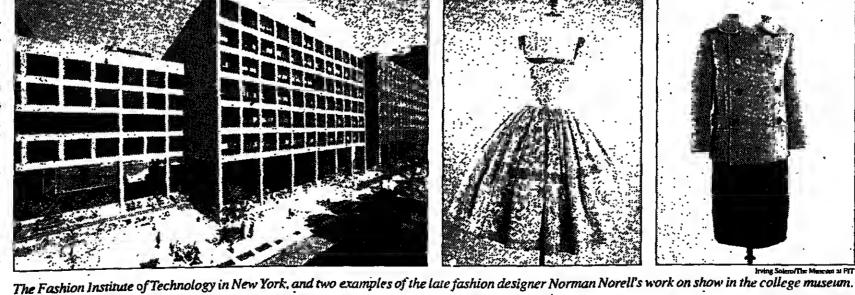
EW YORK - It is a distinguished list of alumni. Donna Karan. Calvin Klein. Betsy Johnson, Isaac Mizrahi. Norma Kamali. Everyone of these prominent fashion designers — along with several others — attended one of New York City's three leading fashion schools, the Fashion Institute of Technology, Parsons School of Design and the Prant Institute.

Parsons was the bridge between high school and my career," said Karan through a spokeswoman. "Parsons gave me the opportunity to learn the ways to express myself."

It is not as if these schools are factories that grind out one fashion star after another. But the schools do feed the ranks of New York's booming fashion industry.

"It's where all the big design studios get their entry-level employees," said Patrick McCarthy, the chairman and editorial director of Fairchild Publica-tions, which publishes Women's Wear Daily and W. "They tend to produce very commercially sound students who can take positions on Seventh Avenue. Most of them don't end up being Calv-

ins or Donnas. Both the Fashion Institute of Techhology and Parsons — in midtown Manhattan — and Pratt in Reporting nattan - and Pratt, in Brooklyn, have year end fashion shows that are well attended by people in the industry. You just wait for the talent to emerge," McCarthy said.







eral occasions during the design process, from conceptual drawing to fabric selection to garment construction. Starting with a simple muslin fabric and using professional models, students

spend about three hours at a time having their work evaluated by some of the biggest names in the business. 'It's the beginning of students having professional connection with designers in the industry," said Marie Essex, the chairman of Parsons' fashioo

design department. Karan, one of Parsons' designer critics, said she continues to learn through

her teaching. She also said she valued the program for affording her a first look at up and coming talent. Indeed, there are about 30 alumni from Parsons currently working for Karan's company. 'It has developed into quite a network," Essex said. "There is this constant feeding back into the industry.

While all of the fashion schools command respect in the husiness, each has a distinct reputation: Parsons, which has about 300 students in its fashion design program out of the 1,600 that attend the school, is known for the conceptual. artistic aspect of fashion; Pratt, which has 200 fashion students out of about 3,800 and was founded in 1887, prides itself on offering a cross-disciplinary approach.

And the Fashion Institute of Technology, a State University of New York college which has nearly 12,000 fulltime and part-time students, is known for the technical aspects of the business. Ever since it was founded as a small trade school in 1944, the FTT has emphasized a practical approach. "To educate the students for the workplace," says Stuart Steiner, the acting president of FIT. "that is the bread and huner of FIT."

Norma Kamali said she recommen-

ded FIT for aspiring fashion designers 'It is located in the fashion district and feels close to the real thing," she said. But Heidi Weisel, a successful de-

signer who attended FIT, said work experience was more valuable than school. "I don't think it helped me that much," she said of FIT. "They were more technically oriented. If you're a creative person, it's a little stifling."

All three schools have attracted a growing number of foreign students and have sent students abroad. FIT has a campus in Florence, Parsons, a division of the New School for Social Research, has a school in Paris. Pratt is affiliated with a school in Singapore and offers international exchange programs.

But although the students study European design, the schools are all furnly grounded in a more conservative, classic American style.

"I'm always amazed at how unflam-boyant the clothes are," McCarthy said. The New York fashion industry is less experimental in that way. You don't make il in New York fashion if you're too flamboyant. When it comes to Paris designs, there is a certain acceptance of

'The couture in France has set standards for what is high fashion," Mc-Carthy continued. "It can be wild and onite crazy and unwearable. Americans make clothes that women can understand, that department stores can understand."

ROBIN POGREBIN is a business!financial reporter for The New York

Herald Eribune

WORLD ROUNDUP

Stieb Wants to Pitch

BASEBALL Dave Stieb, who has not pitched in the major leagues in nearly five years, is trying to make a comeback at age 40 with his original team, the Toronto Blue Jays.

Stieb, who had been working with the team's young pitchers this spring, started training this week at the Blue Jays' minor-league camp in Dunedin, Florida.

"He thinks he can still pitch in the majors, so he'll be working out with our minor leaguers and possibly pitch in a minor-league spring game," a Blue Jays spokesman, Howard Starkman, said.

Stieh was placed on waivers by the Chicago White Sox on May 23, 1993. He was 174-132 in 14 seasons with the Bluc Jays, pitching a no-hitter against Cleveland in 1990. He was 1-3 with the White Sox.

• The former Kansas City Royals relief pitcher Dan Quisenberry has completed his scheduled 33 radistion treatments for a brain tumor. "He's celebrating by taking a nap." a Royals spokesman, Steve

Quisenberry, 44, underwent surgery in January for a malignant brain tumor. On Jan. 8, doctors removed about 80 to 90 percent of an astrocytoma grade IV, the most

serious type of tumor, from the right side of Quisenberry's brain. Quisenberry led the major leagues with 217 saves from 1979 to 1985, the year the Royals won their only World Series. (AP)

Jets Get Picks for Douglas

FOOTBALL Hugh Douglas, the NFL's defensive rookie of the year in 1995, was traded Friday by the New York Jets to the Philadelphia Eagles for second- and fifth-round draft choices this year.

The acquisition of Douglas, a defensive end, is the latest attempt by the Eagles to find a pass-rusher and gives the Jets a new secondround choice in the draft, which starts April 18. The Jets had surrendered that pick to New England in the settlement that allowed them

to sign Coach Bill Parcells. Douglas was a first-round pick in 1995 and had 10 sacks that year He had eight sacks in 10 games in 1996, when he missed six games because of injuries. But he fell out of favor with Parcells last season and had just four sacks as the Jets switched to a 3-4 defense. (AP)

Risen Star Dies at 13

HORSE BACING Risen Star, who won the last two races of the 1988 Triple Crown series, died Friday at Walmac International Farm in Lexington, Kentucky, a spokesman for one of the horse's owners said.

The 13-year-old horse had ap-parently suffered from repeated bouts of colic. Sired by the Triple Crown winner Secretariat, Risen Star won the Louisiana Derby in 1988 before finishing third in the Kentucky Derby. He went on to win the Preakness and the Belmont

His winning time in the Belmont was the second-fastest ever, behind only Secretariat

Picabo Street **Breaks Femur** In Season's **Last Downhill**

CRANS MONTANA, Switzerland-A crash by the Olympic super-giant sla-lom champion Picabo Street in the final downhill of the season Friday forced organizers to call off the race, which had been repeatedly rescheduled due to fog.

The American racer, who had come back less than six months ago from a serious knee injury, was taken by heli-copter to a nearby hospital. The official doctor of the race, Patrick Vouilloz, said Street had fractured her left femur and

would have an operation Friday.
Gian Franco Kasper, general secretary of the International Skiing Federation, said he believed Street fell because she "made a mistake" and not because of the course conditions.

Officials said the race had been canceled because there would not have been enough time to restart it after Street was airlifted off the course.

Josef Strobl of Austria clinched the men's final World Cup downhill, run earlier Friday, his first downhill victory in three years. Strobl, whose last World Cup down-

hill victory came in Val d'Isere, France, in 1995 — the day of his World Cup debut — finished in one minute, 30.84

The fog that has plagued the World Cup finals for days began to lift Friday afternoon, allowing the races to start. But visibility was not perfect, and the conditions could have contributed to Street's crash, some observers said.

Didier Cuche of Switzerland, who tied for the Olympic silver medal in the super-G, placed second for the men, more than half a second back. Fritz Strobl of Austria scored his best result of the season in downhill to take third in 1:31.39. Andreas Schifferer, also of Austria, has already claimed the downhill title. He finished 10th on Friday.

The Austrian powerhouse Hermann Maier, who had already claimed the World Cup super-G and overall titles, skipped the speed events because of a sore back. But he was slated to compete Saturday in the giant slalom, where he is poised to win the title.

Maier, winner of the Olympic super-G and giant slalom, held onto his second place in the downhill standings. Maier has dominated the tour all season, winning two downhills, four super-Gs and three giant slaloms.

The fog had forced organizers to cancel both the men's and women's super-G races and delay the downhills. It was not clear whether the super-Gs would be rescheduled.

Katja Seizinger of Germany, who has already clinched the World Cup super-G and downhill titles, is looking for a victory in the season's final super-G to secure her hold on the overall title.

The Olympic downhill champion bolds a hage 267-point lead in the World Cup standings going into the final races of the season and is virtually assured the crystal globe. Her team-mate, Martina Ertl, is the only person who could overtake her, but to do so she would need to score points amounting to about three wins - and Seizinger would have to earn zero.

Mavs (Mavs!) Beat Bulls

. The team that Charles Barkley said couldn't win the NCAAs beat the world champions. The Dallas Mavericks crased a 19-point deficit in the fourth quarter and treated the largest crowd in the history of their home arena -18,255 — to a 104-97 overtime victory over the Chicago Bulls.

Cedric Ccballos hit a 3-pointer with two defenders on him Thursday night to tie the game at 91 with 3.9 seconds

NBA ROUNDUP

left. Toni Kukoc had a chance to win the game, but missed a layup at the buzzer. Ceballos opened overtime with a dunk that gave the Mavericks their first lead

of the game.
Michael Finley scored 32 points and Ceballos had 25, including 11 in the fourth quarter and 4 in overtime. Michael Jordan led Chicago with 26 points. "The Bulls usually lose a game once

a year to a bad team, and tonight we got the present," said the Mavericks' coach, Don Nelson.

The victory came two nights after a 97-91 loss to Houston that prompted Barkley to say, "I don't think they could win the NCAAs." The Mavericks have only 14 victories, but four have come against the NBA's top three teams, Chicago, Indiana and Scattle. Rockets 115, Nats 104 Clyde Drexlcr scored 33 points, including five in the tight final minute, as host Houston ex-

tended New Jersey's losing streak to seven games. ars 97, Kings 86 David Robinson had his nose bloodied in the first quarter

but returned to score 29 points, leading San Antonio over visiting Sacramento. Robinson was joined in double figures by Tim Duncan with 24 points and Jaren Jackson with 18.

Anthony Goldwire hit two 3-pointers in the final minute, and the Nuggets withstood two furious Vancouver rallies to post a rare victory. Trail Blazers 95, Timberwolves 92

Arvydas Sabonis had 28 points and 20 rebounds, including the game-winning basket with 7.2 seconds remaining, to lead Portland over visiting Minnesota. Heat 97, Cavaliers 74 In Miami, the Heat led by 21 at the half, by 32 midway

through the third and by 26 entering the fourth. Mark Strickland and Alonzo Mourning scored 13 apiece for Miami. Lakers 108, Clippers 85 In Anaheim, California, Shaquille O'Neal scored 32 points and Eddie Jones added 23 as the

Lakers routed the Clippers.



Even Jordan Is Eclipsed

Drama of the NCAA Upstages the Mighty

OSTON - A few dozen rel-B atively weak college basketball teams are going to steel the spot-light from the National Basketball Association for the next three weeks. Even Michael Jordan — hlasphemy — is go-ing to be something of a secondary en-tertainer, because he and his fellow millionaires simply cannot compete head-to-head with the NCAA tournament.

The 64-school tournament is an annual update of the American Dream as many Americans like to imagine it. As competitions go, it is apparently fair and undiscriminating. The games are played on neutral courts, although some teams

In America/Ian Thomsen do benefit for a round or two by playing in their home state or region. As some of the higger, richer universities are knocked off by poor little nobody bas-ketball teams like Arkansas-Little Rock or Austin Peay, the whole nation celebrates, as if the idea that anyone in this country can make it to the top bas just been proven on live TV.

Of course, as the pressures increase with each round of play, the outcomes tend to favor players who have gone to "the right school." Attend Harvard to study political science, history or economics and you'll have a better chance of running for Congress than somebody who went to Austin Peay. The same situation holds true for basketball. Inevitably, traditional basketball programs like North Carolina, Duke and Kentucky tend to win the tournament and schools like Arkansas-Little Rock do not. No. 1 seeds have won nine of the last 19 tournaments.

The NCAA tournament is up there in friendly wagering with the Super Bowl and the Kentucky Derby. This past week, every American newspaper (this one in-cluded) has published the draw of the 64 teams, which has then been photocopied several million times to be filled out in office pools across the country.

Knowledge of college basketball is a hindrance when forecasting this tournament. In every state, people who don't know their Prairies Views from their Indianas will win a couple of hundred dollars by predicting winners blindly all the way down the line.

For sure, "March Madness" is more of a cultural event than any other sports tournament in America. Here you have inner-city kids playing for little rural schools, farm hands playing for sophis-ticated institutions. Small towns are scheduled against cities. In these games inspiration can be the main factor.

In the first round, Princeton, the most academic-minded school in the field, routed the University of Nevada-Las Vegas, which is the finest rogue basketball school in the country. UNLV always seems to be under investigation Sports Illustrated magazine.

by the NCAA for alleged recruiting violations. While Princeton develops some of the world's most brilliant scientists and writers, UNLV produces many excellent blackjack dealers. I would say that about half the country was rooting for UNLV in that game.

Late Thursday night, the University of Connecticut—the toughest team in the Northeast—was pushed to a hard victory against Fairleigh Dickinson of Teaneck, New Jersey, a school routinely known by

the nickname of "Fairly Ridiculous."

Anyone who tells you he predicted the outcome of the 1989 tournament is surely a ridiculous fraud. In that year, the University of Michigan coach, Bill Frieder, announced on the eve of the tournament that he would be leaving the following year for a more incrative coaching joh in Arizona. His boss at Michigan, Bo Schembechler, kicked him out the door immediately and put an assistant coach, Steve Fisher, in his place. Fisher went on to win the first six games of his head-coaching career to come an instant national champion.

Altogether, the NCAAs are similar to England's original FA Cup - except for a couple of American particularities. The English soccer tournament is spread out across the year; this one is squeezed into an 18-day period. Just as surely, the American tournament is a creation of television. Just a couple of decades ago, at the end of UCLA's dominating run, the NCAA tournament was a 16-team event. It quadrupled in size to feed the networks' appetite for live programming. CBS is currently paying \$1 billion for eight years of coverage.

There are plenty of reasons to be jaded

about college basketball. Each season begins in November with a series of meaningless preseason tournaments in New York, Alaska and Hawaii, followed by a month of meaningless games scheduled before conference play begins, which itself has been made meaning hy the enormous growth of the NCAA Tournament. These days, a team could finish in fifth place or worse and still be invited to the tournament. In fact, a school could finish in the neighborhood of dead last and then win its conference's tournament, thereby earning a place in the Final 64 without so much as a winning record. It happens all the time.

And yet — unlike the FA Cup — all

of the players in the NCAA tournament are oot professional. While the coaches and universities are pulling in millions of dollars because of their performances, the players, according to NCAA rules, are permitted little more than payment of university tuition, room and board. It doesn't seem to bother them. They run back and forth across each game like greyhounds. When they're older, they'll know better.

lan Thomsen is a senior writer of

Kentucky Overpowers South Carolina State

Valparaiso Stuns Mississippi on Shot At the Buzzer; Syracuse Edges Iona

The University of Kentucky's front line, led by Nazr Mohammed with 18 points, manhandled South Carolina State and gave the Wildcats their first NCAA tournament victory under Coach Tubby Smith, 82-67, on Friday in the first round of the South Regional in

Second-seeded Kentucky (30-4) had too much size and depth for South Carolina State (22-8), whose forwards and centers took a pounding.

Kentucky, which won the Southeastern Conference's regular-season and tournament titles, dominated the final 10 minutes of the first half, building a 43-28 lead against the overmatched champion of the Mid-Eastern Athletic

South Carolina State, which trailed only 20-18 when Roderick Blakney hit a scoop shot in the lane with 10:14 left in the opening period, missed 10 straight shots before Blakney made another basket 61/2 minutes later. By that time, Ken-tucky had a 35-23 lead

and was cruising toward its eighth consecutive victory, all won by double-figure mar-gins. South Carolina State didn't get

closer than 11 in the second half. Syracuse 63, Iona 61 In Lexington, Centucky, Marius Janulis hit a 3-pointer from the top of the key with 1.2 seconds left, lifting Syracuse to victory over

Syracuse (25-8), the No. 5 seed, appeared ready for a quick exit from the tournament after Iona's John McDonald hit a 3-pointer with 24.2 seconds to go. But after a Syracuse timeout, the Orangemen worked the ball around the perimeter until it ended up in the hands of Todd Burgan, Burgan's shot was blocked by Kashif Hameed, but he got his own rebound and passed to a wideopen Janulis, who calmly drilled his econd 3-pointer in the final minute.

After timeouts by both teams, lona's Tariq Kirksay's floor-length pass was deflected out of bounds as time expired. Western Michigan 75, Clemson 72 In Chicago, Rashod Johnson made eight 3pointers, converting one into a go-ahead four-point play with 1:31 left, as Western Michigan blew a hig lead before regrouping to beat Clemson in a Midwest Regional game.

Clemson (18-14), the sixth seed, rallied from 16 points behind in the second half to take the lead, but couldn't take control of the game.

Saddi Washington added 24 points for Western. Harold Jamison, who picked up two fouls in the first minute of the game, scored all 14 of his points in the second half to lead the Tigers.

Valparaiso 70, Mississippi 69 In Oklahoma City, Bryce Drew hit a leaning 3pointer at the huzzer to give Valparaiso a shocking upset of Mississippi.

The 13th-seeded Crusaders' first NCAA tournament victory was set up when Mississippi's Ansu Sesay missed two free throws with 4.3 seconds left. With 2.5 seconds remaining, Valparaiso's Jamie Sykes threw a long pass from the baseline past midcourt to Bill Jenkins, who sent a touch pass to Drew,

the son of Valparaiso's coach, Homer Drew's off-balance shot from the right wing swished, sending the Crusaders onto the floor in celebration. Drew scored 22 points, including four 3pointers, as Valparaiso (22-9) won its 12

consecutive game. In games played late Thursday: eton 69, UNLY 57 In Hartford, Connecticut, Princeton started slowly against UNLV (20-13), missing six of its first seven 3-point shots and falling behind, 13-7, against a zone defense. Then the 3s started falling — the Tigers hit their next eight — and Princeton went on a 20-2 burst to close the half and take a 35-22 lead. UNLV had one field goal over the final 8:50, and that was a bound basket at the huzzer.

Brian Earl finished with 21 points for the Tigers, while Mitch Henderson had 19 and Gabe Lewullis 17. Tyrone Nesby topped UNLV with 19 points, and Brian Keefe added 15.

UNC Charlotte 77, Minois-Chicago 62 DeMarco Johnson had 30 points and 10 rebounds and Sean Colson added 18 points and 13 assists for Charlotte (20-10). Anthony Coomes scored 19 points for Illinois-Chicago (22-6). Michigan St. 83, E. Michigan 71

Mateen Cleaves, playing with foul problems, scored 20 points as Michigan State beat Eastern Michigan. Charlic Bell added a career-high 22 points for Michigan State (21-7). Derrick Dial led Eastern Michigan (20-10) with 29

Washington, D.C., Jarod Stevenson scored 24 points as 14th-seeded Richmond added another NCAA tournament upset to its resume by shocking third-seeded South Carolina. Richmond (23-7) held the Gamecocks scoreless over

the final 76 seconds. As soon as a drive by South Carolina's BI McKie and subsequent tap-in attempt went away at the huzzer, the . Spiders gathered at midcount to celebrate yet another upset. Their past surprises include a victory over a Charles. Barkley-led Auburn team in 1984; vic-

tories over Indiana and Georgia Tech in 1988; and most notably, a stunning 73-69 triumph over second-seeded Syracuse

in 1991. McKie scored points for South Carolina (23-8), which was ousted * from the tournament in . the opening round last year by unheralded Coppin State - only the third time a No. 15 seed had

diana 94, Oktahoma 87 After paying \$10,000 to coach his team to an overtime victory, Bob Knight said: "If I'd have had these same three officials in that other game, I'd have saved \$10,000."

That other game was the Indiana-Illinois matchup last month when Knight lashed out at a referee and was penalized with the option of a \$10,000. fine or a suspension from Thursday's

Taking the fine, Knight had to work overtime as his seventh-seeded Hoosiers blew a 19-point second-half lead before pulling off a victory over the No. seed, Oklahoma.

Andrae Patterson scored 26 points. A. J. Guyton had 23 and Luke Recker had 21 for Indiana (20-11). Corey Brewer scored 22 to lead the Sooners (22-11). who have lost in the first round each of their last five NCAA appearances.

UConn 93, Fairleigh Dickerson 85 Richard Hamilton and Khalid El-Amin each scored 30 points as Connecticut (30-4) held off Fairleigh Dickinson (23which got a sensational 43-point performance from Elijah Allen.

Cincinnati 65, N. Arizona 62 In Boise, Idaho, D'Juan Baker sank a 3-pointer with 3.6 seconds left as Cincinnati avoided a huge upset. Northern Arizona (21-8), a 15-point underdog in its first NCAA tournament, frustrated the Bearcats (27-5) with a swarming defense and patient offense.

Utsh 85, Sun Francisco 68 Utsh's . towering front line overpowered San Francisco (19-11), which returned to the tournament 16 years after its basketball program was dropped. Michael Doleac scored 27 points, including 15-of-17 from the foul line, for Utah (26-3).

Arkansas 74, Hebraska 65 Nebraska fumbled away a 10-point second-half. lead and lost to Arkansas in a sloppy game that featured 43 turnovers. Par Bradley scored 19 points for the Razorbacks (24-8), who finished with a 13-4 run. Tyronn Lue scored 18 points for Nebraska (20-12), which fell to 0-6 in NCAA tournaments.

Minois 64, South Alabama 51 In Sacramento, California, Kevin Turner scored 18 points and Matt Heldman added 15 for Illinois (23-9), which forced 20 turnovers with a tenacious defense. Toby Madison led South Alabama (21-7) with 19 points.

Maryland 82, Utah St. 68 Rodney Elliott had 21 points and 11 rebounds as Maryland beat Utah State. Obinna Ekezie added 17 points and Sarunas Jasikevicius had 16 points and seveni assists for Maryland (20-10). Kevin Rice led the Aggies (25-8) with 14

Hinois St. 82, Termessee 61 Dan Muller hit a lay-up with 1.8 seconds left in overtime to give Illinois State the victory over Tennessee. Rico Hill led Illinois State (25-5) with 22 points and LeRoy Watkins added 18. Tennessee (20-9), which hasn't won an NCAA game in 15 years, was paced by Brandon Wharton's 23 points.

Arizona 39, Nicholls St. 60 Miles Simon did miss a dunk, and Michael Dickerson threw up an airball on a jumper.

Other than that, the Wildcats were just about flawless as they began the defense of their NCAA title with a re-sounding first-round victory over Nich-

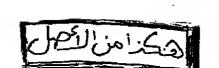
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SPORTS

Sampras Is 'Awful'; Graf Is Injured

INDIAN WELLS, California... Pete Sampras was upset by Thomas Muster, and Steffi Graf was upset by pain shoot-

ing through her left leg.
The men's and women's tournaments running concurrently at the Hyatt Grand Champions Resort lost two of their biggest names for quite different rea-



Thomas Muster hitting a backhand during his victory over Pete enough; most of the times, I wasn't, but

sons on Thursday night. Sampras, makmakes in some entire tournaments, was climinated from the Newsweek Champions Cup with a 7-5, 6-3 loss to

Graf, the former No. 1 who is coming back from knee surgery, was playing second-ranked Lindsay Davenport on even terms before she strained her left hamstring in the sixth game of the third set in their State Farm Evert Cup semifinal.

Sampras was mystified by his shabby performance against Muster, the claycourt specialist from Austria who had won just one of 10 previous matches

'That was awful," said Sampras, who made 26 unforced errors to Muster's 10. "I really struggled throughout the whole match. I'm sitting here, kind of don't know what

happened." Thomas played all right," Samoras added. "I just kind of gave it to him. Just an off day. A very bad day."

Muster also was surprised that Sampras made so many mistakes. "He definitely wasn't serving as accurately as he usually does, and he made a lot of unforced errors," Muster said. "For what reason, I don't know.

"He's the No. 1 player in the world," Muster added, "and everybody expects him to win every time he goes out there. He mostly does. Today I was good Sampras in the Newsweek Cup. today it was the other way around."

For Graf, who limped off the court ing more mistakes in one match than he crying with Davenport leading, 6-4, 4-6, 4-2, the tournament was the second since surgery on her left knee nine months ago. She had breezed through her first three Evert Cup matches before the injury ended her run.

Graf winced and began rubbing her leg after making a sudden move on it.
"It was a really severe pain right away," she said. "I was hoping that it was something like a cramp, but it was too strong. I new that I probably strained

"I tried to continue, but there was no way," Graf added. "I couldn't move. Hopefully it's going to be a quick recovery and it's not too severe. I stopped early enough, so hopefully it's not going to take too long."

Graf said she was very disappointed that she had to quit. 'It was such a good feeling to be playing well, the way things were happening." she said. "Hopefully I'll get back to it soon."
Martina Hingis was to face Venus

Williams on Friday night in the wom-en's other semifinal, with the winner going against defending champion Davenport on Saturday. In other men's matches, Andre

Agassi ran his winning streak to 13 matches with a 6-3, 3-6, 6-2 victory over Patrick Rafter, putting him into the quarterfinals against Jan-Michael Gambill, who eliminated Jim Courier, 6-2, 6-4. Neither Agassi nor Gambill, a wild-

card entry, had been seeded. Rafter had beaten Agassi in four sets

Carolina
First Peried: N.J.-Thomas 12 (Pedesson)
New Jersey, McKay 21 (Andarychult,
Brylin) Saconal Period: None. Third Period:
None. Shats on goat: N.J. 8-7-10-25.
Carolina 7-7-7-21. Geallies: N.J.Brodeur.
Carolina, Kidd.
Washington
1 1 9-2

Priories 2 1 2-9
First Period: Phosoit, Corney 3
(Numminen, Ronning) (pp), 2 Phoents, Jonney 10 (Staney, Tverdozsty) (pp), 3, D-contonneur 4 (Musthall, Harvey) Second Period: D-Harvey 8 (Carbonneur), 5, D-Adaus 8 (Musthall, Matrichol) (pp), 6 D-Migramonth 27, 7 Death, Musthall, 27, 7

Adams 8 (Namstanii, Matrictoni) (pp), a U-Micurendyk 27, 7, Phoents, Numminen 8 (Tocchet) (pp). Third Parled: Phoents, Reentick 19 (Nomathen, Isbisher) 9, Phoents Diduck 5 (Shipleton, Tocchef) Stevis on genis D- 13-9-5-27, Phoents 15-10-13-38. Godies: D-Beitour, Phoents, Khobibulin, Toreste Los Angeles 1 8 8-1



Steffi Graf getting treatment for a strained leg muscle. She quit her match against Lindsay Davenport.

in the quarterfinals on his way to the U.S. Open title last September.

Agassi, who slipped as low as 141st in the world rankings last year and is No.
40 this week, said he felt he was playing 'at least a couple of hundred percent' better than he was at the Open.

"Really, you're just seeing me getting better as I start getting more matches," he said.

Another third-round winner was Petr Korda, the Australian Open champion and No. 2 seed in the Champions Cup, who beat Tommy Haas, 7-6 (8-6), 6-2.

Hasek in Olympic Form

Sabres' Goalie Makes 38 Saves in 3-1 Victory

just missed a shutout as the Buffalo Sabres took advantage of an early goal in a 3-1 victory over the San Jose Sharks.

The Associated Press

Michael Peca scored 24 seconds after the opening face-off Thursday night, and the host Sabres left the rest up to

NHL ROUNDUP

Hasek, who was 19 seconds away from his 10th shutout when John MacLean scored for San Jose on a slap shot from the right circle.

Dixon Ward and Alexei Zhitnik also scored for Buffalo. Hasek, who led the Czech Republic to

the gold medal in the Olympics, did not need to be spectacular, but was anyway. He improved to 10-3-6 while starting the Sabres' last 19 home games. Devile 2, Hurricanes 0 Randy McKay

scored his 20th goal, and New Jersey matched a club record by extending its unbeaten streak to 13 games with a victory over Carolina. The Devils' goaltender. Martin Brodeur, recorded his seventh shutout of the season.

Capitals 2, Islanders 1 Bill Ranford stopped 32 shots and Peter Bondra scored twice as visiting Washington spoiled the second debut of Mike Milbury as New York's coach. Milbury, the Islanders' general manager, decided to take over coaching duties himself after Rick Bowness was fired.

Red Wings 3, Blackhawks 0 In Detroit, -Dominik Hasek stopped 38 shots and Chris Osgood stopped 26 shots and Igor Larionov set up two goals to lead the Red Wings over Chicago. Brendan Shanahan, Doug Brown and Steve Yzerman scored for Detroit.

Fiyers 3, Canucks 2 In Philadelphia, John LeClair and Colin Forbes each scored in the span of 58 seconds in the third period to beat Vancouver. It was the first victory for the Flyers' new coach, Roger Neilson.

Cassadiens 4, Rangers 1 In Montreal, Marc Bureau missed a penalty shot but still-scored two goals to lead the Canadiens over the New York Rangers. Bureau's 10th and 11th goals of the season marked a career high for the nine-year veteran.

es 5, Bruins 2 Jim Dowd, just recalled the minors, scored the first of Calgary's four-goal second period as the Flames beat the Bruins in Boston. Theoren Fleury, Marty McInnis, Derek Morris and Hnat Domenichelli also scored for the Flames.

Coyotee 5, Stars 4 In Phoenix, Gerald .
Didnck blasted a shot off Craig Ludwig. a Dallas defenseman, for the game-win-. ner with 30 seconds left as the Coyotes

snapped their 10-game winless streak.

Maple Leafs 2, Kings 1 Mike Johnson, the leading rookie scorer in the National Hockey League, got a goal early in the game and assisted on Fredrik Modin's third-period game-winner as visiting Toronto defeated Los Angeles.

SCOREBOARD

BASEBALL

EXHIBITION BASEBALL

Ministroia 3, Teass O Clevelund 9, Boston 4 Konsos City 1, Tompo Boy 0, 10 Innings Detroit 4, Florida 3 Bottimore 8, St. Louis 3 Pilisburgh 3, Cincinnoit 2 lousion 6, Los Angeles 5, 10 innings hicogo White Sox 20, Osidand 4 exitle 9, Chicogo Cubs 8 Niwoukee 8, Son Diago 3 ew York Yankees 14 Atlanta 2

BASKETBALL NBA STANDINGS Tric Division W L Pct 44 2d A88 35 27 565 52 30 516 33 37 516 33 31 516 29 33 468 22 39 361

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C. Jordon 16-245-11 24, Kukec 7-10 7-9 22:
D. Finley 14-29 3-6 32, Cebolios 11-21 2-6 25, Rebounds—Chicago 72 (Rodmon 22), Dollos 57 (Green 17), Assists—Chicago 21 (Kutoc 6), Dollos 20 (Finley, Strictional 5), Hear Jersey 26 21 22 23-144
Houston 20 22 32 31-15
N.1: Crassell 12-27 8-8 32, Killes 12-22 1-1
27; H: Drader 12-19 4-4 33, Elie 5-11 4-4 17, Rebetunds—New Jersey 3 (Cope 13), Houston 62 (Oliquevon 17), Assists—New Jersey 27 (Cassell 14), Houston 27 (Elle 11). ROUND OF 16 Albo Berlin 104, PAOK Safonika 71 Auto Bernin Ivi-Avik Sanonam / I Teamsys. Bologna 68, Maccobi Tel Aviv 65 Quarterfinals line-up: Puritzan Belgrude vs. CSKA Mascowe Benetian Treviso vs. Efes Pilson: AEK Aflyens vs. Alba Berlin: Kinder Bologna vs. Teamsystem Bologna. 1st match en March 24, return on March 26, 11).
Socramenato 27 19 22 18— 66
Sea Antonio 26 25 15 27— 97
S: Richmond 9-192-222, Waltermen 7-1255 19: S.A.: D.Robinson 14-24 1-1 29, Doncom
9-15 6-6 24, Rebounds—Socramento 46
(Thorpe, Fenderburke, Stewart 7), Son
Antonio 52 (D.Robinson 11). Assists—Socramento 18 (D.Robinson 11). Assists—Socramento 18 (Doncom 5), Son Antonio 27 (Det
Megro 9).
Vancouver 18 21 28 24— 83
Decreer 29 28 20 21— 98

ICEHOCKEY

NHL STANDINGS LASTERN COMMERCE ATLANTIC DIVISION

W L T Pts GF GA

40 16 9 89 196 127

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7 13 42 9 35 121 200

MORTHEAST DIVISION

First Period: None. Second Period: C-Dowd 4. (sh). 2. C-McInnis 15 (Albelin. Fleury) 3. C-Morris 7 (Cosseia) 4. C-Fleury 21 (Morris, Hiospho) Third Periode 8-Sellivan 3 (Thornfor, Wilson) 6. C-Domonichelli 6. 7. B-Khrisiich 22 (Thornfor, Samsanov) (pp). Shots on geal: C-4-8--17, B-5-13-14--32. Coslies: C-Roisson. B-Durioe, Talleri. CRICKET

WEST BEDIES YE. MICHAIN

SUPER 12 Wallanto Chiefs 19, Wellington 22

SKIING

WORLD CUP

Carolina, Kold.
Washington

N.Y. Islanders

First Period: New York, Berurd 13 (Pulify,
Lachonce). 2. W-Bondra 40 (Oules, Cole)
(sh), Second Period: W-Bondra 47 (Oules,
Tiktonen), Third Period: None, Shelts on
goot: W-10-8-3-21, New York 6-12-14-33,
Gooffess: W-Romford, New York, Salo,
N.Y. Rangers

0 1 8-1
Meetred

2-1 1-4
First Period: M-Bixera 10 (Zolopski), 2,
M-Bursou 11, Second Period: M-Kohru 12
(Rucinsky) (sh), 4, New York, Graves 20
(Leefch Laif-onfothe) (pp), Third Period: MBrunet 7 (Recchi, Mohathow) Shelts on good:
New York 7-6-11-24, M-9-2-7-18, Godfest:
New York Richter, M-Tribouti,
Vencouver

Pelidodelphid

1 6 2-3
First Period: P-Cito 2 (Locroid) Second FREDAY IN CRAIRS BOTTAMA, SWITZ.

1. Josef Strobl. Austria, one minute 30.84 seconds: 2. Didler Cuche, Switzerland, 1:31.36; 3. Fritz Strobl, Austria, 1:31.39; 4. Hans Knouss, Austria, 1:31.49; 5. Kristian Ghedina, Italy, 1:31.52; 6. Jean-Luc Cretter, Frunce, 1:31.61; 7. Honnes Trinkl, Austria, 1:31.62; 8. Nicolus Burlin, Frunce 1:31.52; 9. Kjeffi Andre Aomodt, Norwuy, 1:32.07; 10. Adrien Duvilland, Frunce, 1:32.11.
FRUAL DOWNSMILL, STANSBURGE (astron.)

HULL STANC 11 recents 1. Andreas Schifferer, Austria, 655 points; 2. Herman Maier, Austria, 479; 3.

150; 8, Cattoneo, 146; 9. Runggoldier, 131; 10. Gheding and Paul Accola, Switzerland, 114.

DYMEALL: (after 35 eventus): 1. Mole. 1,625; 2. Schiffers 1,078; 3. Eventurier 930; 4. Annot 119; 5. Knows 909; 6. Josef Sirob 673; 7. Michael von Gruenigen, Swifzurland, 676; 8. Cuche 627; 9. Gleding 544; 10. Chris-MORNING BOMMINT WOSHINGT DOWNSELL
FRIAL BOUNDELL STANDINGS, (effection of maces): 1. Korija Solthnyer, Gormany, 220
points; 2. Rengde Goelschi, Austria, 392; 3.
bolice Koshner, Italy, 292; 4. Metanie Sochet,
France, 237; 5. Hilde Gerg, Gormany, 224; 6.
Florence Mosnotia, France, 216; 7. Heldi Zirpriggen, Switzerland, 185; 8. Alexandu
Mehannizer, Austria, 160; 9. Regine
Covagnoud, France, 167; 10. Brigitie Obermoser, Austria, 150.

THREE-DAY MATCH, FERST DA FRIDAY NAMESHEOPUR, HIDIA

RUGBYUNION

TENNIS COPPENSAGE OF THE David Princeil, Germany, def. Olivier Delatte, France, 6-3-6-3, Jan Siemerlink (4), the Netherlands, Brett Steven (6), New Zealand, 6-3, 6-3,

RAPEL COL THURSDAY IN INDIAN WELLS, CALIF. SEMENDALS

Lindsoy Dovenport (2), U.S., def. Sleff!
Frof. Germony, 6-4, 4-6, 4-2, tellined.

THURSDAY IN MOVAN WELLS, CALIF. Petr Korda (2), Czech Republic, def. Andr sst, United States, def. Patrick Greg Rivedeski (d.), Bilkult, def. Corlos Maya, Spain, 6-3, 7-6. Marcelo Rios (7), Chille, def. Nicolas Kiefer, Germany, 6-4, 6-3. Thomas Encylot, Sweden, def. Bohdan

259; 5. Suchel, 228; 6. Regina Hoeast, Germany, 204; 7. Corp., 197; 8. Zurbriggen, 194; 9. Katharina Gutensohn, Germany, 152; 10. Kar-

SOCCER

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en Putzer, Holy, 142.

Jon-Muchael Games, United Stores, det. Jan Courier, United Stores, 6-2, 6-4. Andrel Medvedev, Ultraine, def. Nicolas Lopeniti Ecoados, 6-1, 6-4. Thomas, Mustic, Austric, def. Pete Sampras (1), United States, 7-5, 6-3.

THE WEEK AHEAD SATURDAY, MARCH 14

BADAMINYON, Birmingham, England -8-England Open, to March 14.

emenant, Bulewaye, Zimbabwe — 22-mbabwe vs. Padashar, fitat teat, to March 18: Buldgelown, Barbados — West Indies vs.England, fourist teat, to March 16. aou. F. Agadit, Marcoco — men. Moroccum Opes, to Morch 15: Salsuma, Japan — men. Folem Oup, to Morch 15: Cond Springs, Flori-fick — men. March Clerch to March 15: Tro-

OVERRALI (anther 17 oversta): 1. Selzinger, 1615: 2. Eril. 1340: 3. Gerg. 1206: 4. Deborati Compognosi, Italy, 852: 5. Gostechi, 787; 6. Alexandra Metsanitzor, Austria, 784: 7. Noteen, 765: 8. Kostner, 695: 9. Zerbringer, 537; 10. Kristina Koznick, United States, 510. resen cup, to Merch 15; Corol Springs, Flor-ing.—men. Hende Clessic to Merch 15; Tso-son, Artzena — stemen, Plag-Welch's Cham-planskip, to Merch 15; Newport Beach, Call-fornia (~ seniors, Totalibu Senior Classic, to March, 15;

RUGBY UNROW, vorious sites — Super 12, Aucidend vs.Ologo: Western Province vs. Abribern Transvout; ACT vs. Coastal Sharks: weensland vs.Comlerbury. SANLINGS, San Sabastian, Brazil — start of

SARLMAN, Sto Sebasitio, Bruell—start of 4th leg of Whitbroad roce to Fort Landerdole.

Statute, Cross Mondane, Switzerland—men, women, Alphie World Cop Finals, glast statom, statom, to March 15: Osto, Norway—Nordic World Cop, World

: susso, Canko, Japan — Spring Grand Sumo Tournament to March 22,

Sumo Foundment, to March 22.

**Texapears, Copenhagen, Denmark --- mert,
Copenhagen Open, to March 15: Indian *
Wells, Cofficient --- mert, Necesseek Charhplomship Cup, to March 15: Indian Wells, Coffformid --- womer, Event Cup, to March 15. SUMPAY, MARCH 15

AATTO BACINEO, Homestead, Florida — Indy-cor, Garnd Prix of Monal, ascz Jungenson, Holmerkollen, Norway — World Cup, 112 http://doi.org/10.1007/j. World Cup, cross-country, men's 50K, worsen's 50K, worsen's 50K, worsen's 50K, worsen's 50K, worsen's 50K, worsen's 50K relays.

Monday, March 16 TURBDAY, MARCH 17

managementons, Basie, Switzerland —
World Grand Prix series, to March 22.
provines maccina, Chellenham, England
—Chellenham Fostival to March 19,
socialm, various sites — UEFA Cup
purferfinals, ruhum legis Spariak Mascow
3, Alox Amsterdams Scholles O4 vs. Inter
Allians America vs. Lazier Aston Villa vs. Aloffice Madrid various sites, friendly inferallonats: Ramanda vs. larget. Medica vs.

WEDNESDAY, MARCH 18 context, Cultuck — India vs. Australia scond test to morch 22. account, various siles — European Cup, quarterfinsis, relara legs: Read Madrid vs. Boyer Leverjassen Dynomo Ger vs. Ja-venitus Boressia Doctmand vs. Bayern Mu-nichy Manchester United vs. Monaco.

THURSDAY, MARCH 19 CHRICKET, Cope Town — South Africa vs. Srl Lanks, first test to March 22. GOLF, Ponina, Partugal — mes, Por-tuguese Open, to March 22; Orlanda, Florida Ogesa, Japan — men, DyDo Drinco, to March 22 Phoenix — women, Standard Register

227 Process — worsen, Standard Register
PinG-to March 22.

#000@88, various sites — European Cup
Winners' Cup, quarierfinade, return legs: Vicenzo vs. Rodd JC Kerkrade; VfB Stuffgartvs.
Slavkir Proguez Lokontoffv Moscow vs. AEK
Afficiate Chelseo vs. Rod Bells.

TERRITO, Key Biscovne, Florida - men.

FRIDAY, MARCH 20

ATHERISON, Cope Town - IAAF meet-

olies vs. England. shift test, to March 24, PAUSARY CONTROL, Denedin, New Zealand — Super 12: Otago Highlanders vs. Coachal Shorics.

SPEND SECRETOR, Graz. Austrig — Wo short-track championships, to March 22. SATURDAY, MARCH 21 ATHERYSON, Marrakech, Morpoco -

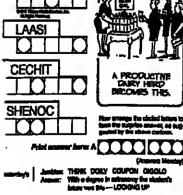
March 22. ederc,Harare — Contention, Horare — Zimboome Puidstan, 2nd test match, to Mrch 25.

Wolen vorteen elles — Super 12: les les Golden Cale: Ancidund World Cup ski thying that, to March 22.

SUNDAY, MARCH 22 ATHLETICS, Rome - Rome Margino



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Maryland 82, Utah Stotte 68
Illinois 64, South Alabama 51
Illinois State 82, Temessee 81, OT
Artzona 99, Nicholis State 60

West Virginio 52, Temple 52 Cincinnuii 65, Northern Arizo

norione 77, littinais-Chicago & Ion 69, UNLV 57 jan State 83, Eastern Michiga ngion 69, Xavier 68 ond 62, South Carolina 61 a 94, Oklatoma 87, OT Clicut 93, Fairleigh Dickinson



GARFIELD





BLONDIE







WHICH IS THE ONLY REASON 7 I STOPPED EATING

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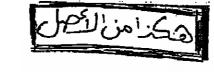


DOONESBURY









MIAMI — I am getting sick and tired of listening to you members of the public carping about the news media. Every time I turn on the TV or radio, they're interviewing some Typical Heartland Americans - five or six hardworking, salt-of-the-earth agricultural guys wearing bib over-alls and baseball-style caps imprinted with the brand name of a pesticide, drinking coffee in a diner in some soybeaninfested region.

One of these guys — the spokesguy — always says something like: "I'm sick of the media. All they want to talk about is scandals and sex! We want 'em to cover the issues! And don't sensationalize! Stick to the facts!" And the other guys nod in agreement.

O.K., my first question is: If these guys are so hardworking, how come they're always in the diner? I've been monitoring this phenomenon closely, on all the major networks, and as far as I can tell, these guys have basically been sitting around drinking coffee

Don't sensation-

alize! Stick to

the facts!

and carping about the news media since the Nixou adminis-

You know what I think? I think they don't work at all. I think they get up at the crack of dawn and go to the diner, and

they spend their entire day there, waiting for TV news crews to show up. While they're waiting, they watch Jerry Springer and exchange fashion tips ("Elmer, is that a new pesticide cap?

But whoever these guys are, the anti-media remarks they make are echoed by many Americans. Probably you are one of them. Probably, if anybody asks you what you think of the news media, you say, "I think they go too far! I think they should stop covering sex and go back to covering important issues, such as the economy!" You make a very strong point. Let me respond by saying this: Liar liar, pants on fire. You don't want to read about the economy! You love to read about sex! Everybody does! Let's consider two hypothetical newspaper headlines

FIRST HEADLINE: "Federal Reserve Board Ponders Reversal of Postponement of Deferral of Policy Recon-SECOND HEADLINE: "Federal Reserve Board Caught in

Motel With Underage Sheep'
Be honest, now: Which of these two stories would you read? There's no need to answer: We here in the newspaper husiness already know! You want sex! Nobody ever reads the stories about the economy! We can prove it! Every day for the past six months, as an experiment, all major daily newspapers in the United States have been running daily stories with headlines referring to the Indonesian currency crisis.

But guess what? There IS no "Indonesian currency crisis." We're not even sure there is any such place as "Indonesia."

There IS no 'Indonesian currency crisis.'

Every one of those "news articles" was actually a lengthy verbatim excerpt from the 1923 book "The Hardy Boys Reach Puberty." And you never noticed! You were too busy reading stories about the "issues" that you REALLY care about.

such as who took Monica Lewinsky to her junior prom. This is nothing to be ashamed of. Americans have always been interested in political sex scandals, dating back to the administration of George Washington, who had a lengthy and well-publicized affair with Elizabeth Taylor.

I will admit that in recent years, our standards have gotten lower, as evidenced by the decision last week by The New York Times to publish a full-page nude photograph of Jesse Helms. But you have to understand that we're under a lot of

pressure in the news husiness. The competition is tremendous, what with all the new sources of news, such as the Internet, which provide us with fantastic quantities of information (or, in technical computing terminology, "bauds"). We'll be sitting around the news-room, trying to think about the Federal Reserve Board, and all of a sudden the word comes over the Internet: Tipper Gore is a lesbian! Allegedly! We know that every other news operation will be following up oo this story, on the solid journalistic ground that every other news operation will be

following up on this story. stories featuring the words "TIPPER" and "LESBIAN" in the headlines, and the word "allegedly" in paragraph 34, we get to the bottom of the story, which is that it was a prank put on the Internet by a 12-year-old boy named Walter. And thus, because of our relentless efforts, you, the public, get to find out the truth. Don't bother to thank us! We're already busily working on our next story, which is to see if there is any connection between Walter and Monica Lewinsky.

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The Geomancy of Ancient (and Modern) Living

By Mary Blume International Herald Tribune

PARIS -- Health! Wealth! Happiness! What more does one need? An interior decorator of

It's not quite that simple. These dow treatments any more: it's about feng shui.

the ancient Chinese geomancy of landscape and design. In recent years it has become a Western fad Shui for Modern Living has a and now there is a London-based Modern Living, that not only gives your relationships, turn your dreams into reality.

Launched on the advice of feng

'As it turns out, I don't think that's enough," said the publisher, Richard Skinner, by telephone from London. The first issue even includes letters from readers (of what, since the magazine didn't yet exist?), eager for help.

One of them has just moved into a new apartment and cannot seem to hold on to money. Answer: there are ways to keep money from going down the drain. In the Wealth sec-tor of the southeast corner, place wooden objects, an aquarium and small round-leaved plants such as the Chinese jade plant, and in the southeast corner of your desk ancient Chinese coins tied together with red thread will energize money luck. To halt the flushing away of money, fix all dripping taps and keep the toilet seat down at

Skinner — who has been in publishing since his university days when he took over the student magazine, put ads in it and made sufficient profit to pay his tuition - wrote his first feng shui book in 1976 when he was publishing food and health magazines. He has read

feng shui texts in the original Chinese and doesn't like to consider it a New Age fad.

"No, I like to talk about feng shui as a very old age approach. I mean it's something that has been around for thousands of years as an integral part of another culture. It's days the profession isn't about win- a cultural transplant, just as acupuncture, which is now an accepted medical practice, or kung fu back in Feng shui, or wind and water, is the '50s, and I suppose earlier

celebrity interview: April will feaglossy magazine, Feng Shui for ture Boy George; the current issue shows the penthouse of the novelistdecorating hints but also promises politician Jeffrey Archer, whose to "increase your wealth, improve natal chart shows that his most anspicious direction is west, where both his front door and desk face, ensuring "great abundance, prosperity and happiness." At the dining table he should also face west shui experts on the 14th day of the Year of the Tiger, the publication claims to be the world's first full- and the huge modern metal chancolor feng shni magazine. The first printing was 146,820 copies and an additional 125,000 have just gone suppresses the ch'i, or energy flow of the room. Also, the mirror should have been placed higher, to reflect the food. But, in general, Archer's

> Interior decorators, Skinner says, have approached him about clients' demands to have a feng shui master consult on refurbishment. "In America, of course, you have architects and designers with not only a feng shui man hut a feng that somebody in the West can reshui department." export to them their own traditions.

two interior decorators did well.

shui department."

Boldly, Skinner is distributing his magazine in the Far East, and was off to Hong Kong, Singapore quite a large market there.' and Kuala Lumpur, where he says two corporations on the same road are engaged in a feng shui fight to

'One building has its escalators formed in a cross pointing to the other one; the reply was to put a cannon out pointing at the first huilding. The first huilding built a circular structure in front, and so on. It's interesting that they were willing to spend significant amounts of such wide interest that he regards his company money to fight this. Locals would have you believe that year-end results reflected whoever

Heading East may seem a coals- sensual massage oil from Boots.

Kennedy Library in Boston.

THE government says some items of the

I. John F. Kennedy memorabilia that are

scheduled to be auctioned next week may ac-

tually belong to the United States. The National Archives and Records Administration has sent

experts to New York to examine the artifacts

being offered for sale by Guernsey's. The contents of the auction were to go on public preview Friday at the New York Historical Society. The National Archives has identified

Queen Elizabeth II, left the hospital for home

after treatment for a mild stroke. The princess

suffered the stroke in Mastique on Feb. 23. She

left the King Edward VII Hospital for Officers

late Thursday but is not expected to resume any

official engagements in the immediate future.



to-Newscastle proposition, but Skinner says there are no glossy magazines there on the subject. "There will be a slight cynicism hut if that doesn't stop them from huying it then I think we've got

Feng shui is a complex process that the magazine tries to make simple with advice on diet, shopping and horoscopes, which play an important role in feng shui, so that every time one changes partners another reading should be made. A geomancer charges £250 (about \$400) for a flat or small house, a good deal more for a shopping center. Feng shui, Skinner says, is of niche, publication. The ads reflect this, ranging from traditional fitted

being offered for sale by Guernsey's. The contents of the auction were to go on public preview Friday at the New York Historical Society. The National Archives has identified at least 14 lots that it contends are of historical significance and should be given to the Kannach Vilenge in Poston.

:67-year-old sister of The 1997 Ge

Terry Anderson, the former chief Middle that sport utility vehicles take on the nation's

Lester.

There are observations on London's ch'i, which is moving from the prosperous west to northeast, where Clerkenwell and Islington are experiencing property booms. Color symbolism is important (red is the most auspicious color) as is the proper balance of yurand yang foods, and the problem of unsupportive office environments is

firmly addressed.
"Calculate your best direction and if possible have your desk facing that direction," Skinner says. "It's better not to have a desk facing someone else working in the opposite direction. The introduction of house plants is quite useful, rounding of corners, removal of anything too sharp or pointed, making sure that you sit without having magazine as a lifestyle, rather than a your back to the entrance door."

Once you have chosen your desk's direction, consider where part should be associated with new us you care.

PEOPLE

who was held hostage by terrorists in Lebanon

from 1985 to 1991, will join the faculty of the

E.W. Scripps School of Journalism at Ohio

nounced in New York. Kurt Eichenwald and

Martin Gottlieh of The New York Times won

an award for excellence in journalism for their

articles on allegatious of corruption at the

United States's largest private hospital chain.

and Keith Bradsher, Detroit bureau chief for

the paper, won for national reporting for his

investigation into the human and financial toll

projects, southeast is for objects connected to communication. Put your Filofax in the northwestern segment. The northeast part is associated with taking risks and being competitive and should be reserved for papers regarding investments or, to increase motivation, cash flow charts.

There are, says Skinner, plenty of feng shui no-no's. "Here are just a few. The entrance of a building is very key in feng shui and if you have directly opposing it a lamppost or a spire or a blank wall, that's a no no because it effects the quality of the ch'i entering the building.

'The second no no would be in a bedroom context. One shouldn't have a mirror placed in any way so you can see your reflection on the bed, certainly not when you're

A page one story in Le Monde the other day revealed the Central Bank of Taiwan's bad feng shui.
Hong' Kong's chief executive,
Tung Chee-hwa, turned down his
proposed headquarters on the advice of his feng shui master.
Someone has done the feng shui of
the Oyal Office. In I ondon it world. the Oval Office. In London it would be more auspicious for the Heuses of Parliament if the Thames ran in front, rather than behind. As for Buckingham Palace.

Skinner saw the trouble coming "The basic point about Bucking-ham Palace which a lot of people seem to miss is that the traffic configuration in front was changed about eight years ago and that changed the feng shui flow outside the palace for the worse. The feng shui lines of energy coming down the Mall now impinge upon the palace without the benefit of a roundabout which would have deflected them."

If the roundabout were restored, then the fortunes of the royal family would show an upturn, Skinner says, since their troubles began within three months of its removal. And have continued. Why, just the other day a chunk of the palace's ballroom ceiling fell on the head of a man watching his father being invested by the queen. Bring back kitchens to ceramic waterfalls to a you place objects on it. The east the roundabout, ma'am, and show

> "Titanic" has found a heavy-weight fan in China: President Jiang Zemin, "This movie shows fully how people deal with the rela-

limiter Jospin exiting a po sin Cintegabelle, in southwest rope New L I Divided b kology Desp Smiling Fac

world's Daily Newspan

By John Vinocur. 4 &

NN - It Gerhard Schroeder 208 - Il Octobre along tower this September along Pinshargh Courier, which for nearly 50 years at Lionel Jespin, then Europe has been covering affairs of special interest to has been covering affairs of special interest to the will find itself led by the heach Americans. Michael Dobbs of The teater so a flow with the grant working the property of the special interest to Washington Post won an award for his article and of Compassion with the documenting the Jewish roots of Secretary of able Social Justice that the Madeleine Albright. guilp the century to com-wlabour member of Pa-desis in the margins of

NEWS ANALYSIS

tionship between money and love, poverty and wealth, in the middle of a difficult situation." Some meeting here last week. Noting that the movie has reaped more than \$12500 the likelihood of Germany hillion around the world, he said: "That fant heing simultaneously governmer capital, eh?" at he called the p a u hand, he insisted, a remain se of three energetic, reason Strike two. The Conservation Commission Sambinous tel measured Program of Chilmark has turned down a Warner Bros. adand ann-doctrinaire in spine request to film scenes for Message in 8 w could do breathtaking Bottle' on Martha's Vineyard. The council of hithe world

Tangier Island, Virginia, had already objected 660 be the case, the notion Tangier Island, Virginia, nad arready onjector with the class. The notice has to the drinking, sex and cursing called for in the lead on. In the faint similar movie, which features Paul Newman and I leaden, the affinities, the the could have passed for

Aftercivility and good intentions on of Europe's left. nationalism iphilical cultures and constitues 15 to be caricatural leaped up to to scamless modernity, played o but rather like the everyday fract

and basic, earthbound level, athat a totally rejected, and re

See LEFT. Page 10

he Worst U

henh B. Richburg

MONG The region's cur-te largely stabilized — they value, but no longer Slock markets have ender and slide for now. Parlialesing laws, opening up and allowing foreign nks of the pie. Foreign at already in the neighusly poking through the of hargains.

finally over for Southeast lger economies? After financial turmoil, is the boking at recovery? economists and rea fact, most warn that 'la lo come.

shoe is only just be-said David Roche, for London-based Inand has not yet experienced

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